



The Week of January 27th to February 2nd, 2014
"A Brief Look Back Into Tomorrow"

Good Day

The last trading week of January begins with some investors taken aback by the intensity of the correction consuming the American markets, while others were encouraged by the sudden strength of gold bullion and even more surprisingly, natural gas. We on the other hand, find it somewhat amusing that the mainstream media needs to focus on some outside excuse such as China's recent less than expected PMI number or the Fed's tapering schedule for markets that have extensively gone up for some five years, to correct.

The **CBOE Volatility Index or 'VIX'**, a very good reverse indicator of investor confidence, and having calmly gone through most of the year near all-time lows, took a significant bump up last week as it surged up over the 15-level to a much more nervous level of 18.14.

The market followed last week's downdraft on cue **Monday, January 27th** as across all sectors investors looked for reasons to sell stocks.

The biggest mover of all was the price of **Apple Inc. (AAPL-Q)** stock that plunged by over 8% or \$45 to US\$505.42 when the street deemed that record 4th-quarter sales of some 51-million iPhones and revenues of US\$57.6-billion was not quite good enough.

Caterpillar Inc. (CAT-N), the world's largest heavy equipment manufacturer and a key barometer of the health of the construction/mining/oil & gas industries, impressed the street with a higher than expected 1st quarter profit.

Fission Uranium Corp. (FCU-V) continued to impress as the junior uranium explorer reported an amazing 36.72-metres of off-the-scale readings from hole PLS14-129 at its Paterson Lake South uranium project in the Athabasca region of northern Saskatchewan.

Hudson Bay Co. (HBC-T) goes for the cash as Canada's largest department store announces it has sold and leased back its flagship downtown Toronto location and

nearby Simpson Tower in an all-cash deal worth some \$560-million.

Turkey tried to halt the run on its currency on **Tuesday, January 28th** when the country raised its key lending rate by 4.25% to 12.0%.

D.R. Horton Inc. (DHI-N) led a market rally when the American luxury home builder's shares' surged up by over 10% to US\$23.04 on a 1st quarter report of a profit that was some 86% higher than the same period just one year ago.

Technical analysts **Olaf Sztaba & Ron Meisels** - "The market pullback is still in its early stages and investors should expect more volatility....funds should find home in the new leadership developing mostly in energy and resource stocks...The TSX Composite may well be the index to watch. After all, this is the index that has all the tail end goodies - **energy and resources.**" (To see the full report send a request to ronmeisels@phases-cycles.com).

The **U.S. Commerce Department** reported that **new home sales** rose by 16.4% in 2013 to 428,000 units.

Cross border shoppers are suddenly seen pulling abrupt u-turns as **the Canadian dollar drops by another 0.21-cents to a new 4½ -year low of US\$89.46.**

Canadian Pacific Railway's (CP-T) recently installed CEO Hunter Harrison did what he said he would do on **Wednesday, January 29th**, as Canada's second largest railway reported not only **record 4th quarter financials** but more importantly, took the company's operating ratio or 'OR', (a key indicator of their efficiency), down by 9% in the past year to just 65.9%

Premier Gold Mines Ltd. (PG-T) also had a good day as the company's stock price rose by over 11% to \$2.10 on the release of an encouraging preliminary economic assessment (PEA) of its Trans-Canada gold project in Northern Ontario.

Cold weather across much of North America helps the price of **natural gas to surge up by \$0.67 to a new 3½-year high of US\$5.47/mmbtu.**

The break-up of the international potash cartel last fall was reflected not only in the **Thursday, January 30th** release of **Potash Corp's** (POT-T) 4th quarter financials that were below analysts' expectations, but also in the giant Canadian potash producer's lowering of its 2014 guidance.

The shareholders' of **TSO3 Inc.** (TOS-T) also had a bad day as they watched their investment plunge by almost 21% to \$0.50 when the **U.S. Food & Drug Administration** (FDA) asked for further data on the sterilization company's procedures.

Facebook Inc. (FB-Q) went against the market's downward bias by rising over 14% to US\$61.24 when the social network giant produced 4th quarter financials that handily beat the street's expectations.

And **Under Armour Inc.** (UA-N) shares' rose by over 23% to US\$105.11 when the stylish but efficient underwear company beat the street's expectations with its 4th quarter financials.

TransCanada Corps. (TRP-T) politically charged **Keystone XL Pipeline** passed another important hurdle on **Friday, January 31st** when a final technical review by the **U.S. State Department** found that pipeline that would carry more of Alberta's bitumen oil to the important American market - "would have limited impact on climate change".

Meanwhile, despite media convention that would suggest otherwise, the Canadian economy keeps moving right along as the **Department of Finance** reported not only did **federal revenues** rise by \$1.7-billion in **November** over the same month one year ago and reducing the federal deficit to a much lower than expected \$614-million, but that the **economy** also grew by 0.2% in **November**, bringing the three-month trend up to a very respectable 3.8%.

Similarly, to the south, The **U.S. Commerce Department** reported their **consumer spending** rose by a better than expected 0.4% in **December**, while the **Federal Reserve** or Fed reported that their **annualized economic growth** was looking to end the year at a solid 3.2%.

And as **Super Bowl Sunday** approached, **Fox Sports** reported that those Super Bowl television advertisements you enjoyed so much cost the advertisers about US\$4-million to place and another US\$2-3million to produce.

Akika Drilling Ltd. (AKT.B-T) at \$17.00, **Imperial Metals Corp.** (III-T) at \$17.00 and **Paramount Resources Ltd.** (POU-T) at \$44.00 all established new TSX 52-week trading highs during the week while **Argonaut Gold Inc.** (AR-T) at \$4.76, **Cash Store Financial Services Inc.** (CSF-T) at \$1.00 and **Pacific Rubiales Energy Corp.** (PRE-T) at \$15.93 set new 52-week trading lows.

For the Week - The **Dow Industrials** lost 1.14% to 15,699, while the **S&P 500 Index** eased by 0.43% to 1,783 and the **NASDAQ Exchange** was off by 0.58% to 4,104. North of the frozen common border, the **TSX Composite Index** eased by 0.17% to 13,695 and the **TSX Venture Exchange** lost 1.66% to end the week at 951.

Gold bullion lost 1.86% to US\$1,244 while **copper** dropped by 2.45% to US\$3.19. **Crude oil** eased by 0.66% to US\$97.55 and **natural gas** fell by 2.20% to US\$4.49. Overall, the **CRB Commodities Index** advanced by 0.78-points to finish the week at 283.93.

The **Canadian dollar** fell by another \$0.60 to end the week at US\$8978.

The closely watched **CBOE Volatility Index** or **FIX** rose by another 3.20% over the week to a little more nervous level of 18.72.

And Finally - For those who follow the **January Effect** that states in its simplest of terms that - how goes January goes the rest of the year, we found that the **DJIA finished the month of January with a 4½-year largest loss of 5.30%**, while the **S&P 500 Index** fell on the month by 3.52%. Meanwhile the resource weighted **TSX Composite Index** managed to end January with a marginal gain of 0.53%.

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