



THE
BLAKE
GROUP

The Week of February 4th to February 10th, 2013
“A Brief Look Back Into tomorrow”

Good Morning

The new trading week begins on **Monday, February 4th** with investors wondering if the major North American markets can continue to run their winning streak of consecutive 2013 weekly gains to six, which would mean the Dow Industrials and S&P 500 Index would have to keep reaching new 5½-highs.

Credit Suisse makes a broad statement that flies in the face of most resource investors when the giant investment house issues a report that says, among other things, the 2011 high of US\$1,900 was likely the top for the current 12-year bull market for gold bullion, and that the current listless trading of the yellow metal is likely the beginning of the end of the current golden era.

Now that all of those year-end credit card statements are in, we can appreciate a TransUnion report that state that the average Canadians non-mortgage debt rose by 5.9% last year to \$27,485.

Conversely, a BMO Household Savings Report reveals that the average Canadian managed to save an extra \$600 last year to a total of \$9,859, but with a positive view of their future, the savings were allocated towards holidays, luxury items and entertainment, and not towards paying down debt.

With a statement that continued to put downward pressure on an already suppressed precious metals market, Mongolian president Tsakhai Elbegdorj reiterates his government’s wish to take further control of the giant Oyu Tolgoi copper/gold mine being developed in his landlocked country by mining giant Rio Tinto Group ‘RIO-N’.

Tech stocks continue to be in vogue with JDS Uniphase ‘JDU-T’ and Sierra Wireless ‘SW-T’ reach respective new 52-week trading highs of \$15.12 and \$11.66, while recycling company Newalta Corp. ‘NAL-T’ also reached a new 52-week high of \$16.39. On the downside, gold & silver stocks continue to be disposed of resulting with broad based Precious Metals and Mining Trust ‘MMP.UN-T’ touching anew 52-week trading low of \$6.02.

Profit taking is the dominant action of the day with both the DJIA and the S&P 500 falling by about 1% from their recent 5½-year highs of last Friday.

Tuesday, February 5th begins with word that Michael Dell will lead a consortium that will take private the namesake computer company Dell 'DELL-Q' that he founded in a deal worth some US\$24.4-billion.

Canadians love of travel is reflected by the nation's two national air carriers, Air Canada 'ACA.A-T' and WestJet Airlines 'WJA-T' that report yearly load factor increases of 0.3% to 79.1% and 1.0% to 80.9% respectively.

Condor Petroleum 'CPI-T' excites its shareholders' by surging up by 54.76% to \$0.65 when the petroleum explorer reports an oil discovery at its Kiyaktysai KN-E-201 oil well in Kazakhstan.

Canadian Western Bank 'CWB-T' continues to reflect that the banking sector is still in favour by reaching a new 52-week high of \$31.18, along with tech sector participant MacDonald Dettwiler & Associates 'MDA-T' that also reached a new 52-week trading high of \$65.77. Gold and energy stocks remained under pressure with Golden Minerals 'AUM-T' touching a new 52-week low of \$3.20 along with AvenEx Energy Corp. 'AVF-T' with a new 52-week low of 2.34.

Lumber prices benefit from the renewed interest in U.S. housing by gaining \$44.50 to reach a new 21-month high of US\$387.50/1,000 board feet.

Wednesday, February 6th sees the markets continue with their uncertain pattern, seemingly rising and falling with each economic or political headline.

With the American housing market back on track, wood products company Boise Cascade 'BCC-N' gains 24.52% to US\$26.15 on the first day of trading on its return to the public market.

Safety of return is still the name of the game again today with the Royal Bank of Canada 'RY-T' and Telus Corp. 'T-T' trading up to new 52-week highs, along with Canada's favourite airline, WestJet Airlines 'WJA-T', while gold stocks, notably Pretium Resources 'PVG-T', trade down to new 52-week lows.

Thursday, February 7th begins with a positive revue of Canada's housing as **Statistics Canada reports the value of the country's building permits rose in 2012 to a record \$80.5-million.**

The ongoing impasse on pipeline decisions to get Alberta's crude oil to tidewater gets the attention of Canada West Foundation CEO Dylan Jones who states - "The loss to the Canadian economy will be devastating if we

don't dramatically expand our pipeline capacity to multiple markets. Abandoning this industry to oil-producing countries with lower standards is not leadership."

The Canada West Foundation estimates that each stalled pipeline project costs the Canadian economy between \$30 to \$70-million a day.

We're not sure if more people went to movies during the 113-day National Hockey League lockout/strike, but the share price of Cineplex Inc. 'CGX-T' seem to have benefited by reaching a new 52-week trading high of \$27.40. The movement of goods in Canada has been front and centre of late and Canada's largest railway, Canadian National Railway 'CNR-T' caught investors' attention by also rising to a new 52-week high of \$96.97. The ongoing disinterest in gold mining stocks continues with Midas Gold 'MAX-T' dropping to a new 52-week trading low of \$1.78.

Satchel Paige - "Ain't no man can avoid being born average, but there ain't no man got to be common."

Mother Nature puts a damper on market trading for **Friday, February 8th**, as a massive snow storm batters the east coast of Canada and the United States, shutting in traders and investors alike.

Economically complacent Canadians are suddenly shocked when statistics Canada reports that their economy shed an unexpected 21,900 jobs in January.

This, on the heels of a Canada Mortgage and Housing Corporation report that showed the country's housing starts plunged in January to 160,600 new starts.

Helping the markets was China's report that their exports grew by 25% in January while their imports grew by a larger 28%, causing Mackenzie Financial Corp. to comment - "The Chinese data is encouraging because you had stronger exports, which implies that demand in the developed countries, North America and Europe, was reasonably good. And then you had stronger imports which, for Canada, are good because that suggests that probably they had decent demand for commodities that we're so anxious to sell. It's like a win-win"

Canadian iron ore companies with operations or prospects in Quebec and Labrador take a hit when Canadian National Railway 'CNR-T' puts on hold a feasibility study that would hopefully see the railway push a 800-kilometre, \$5-billion spur line to the iron ore bodies on the Quebec/Labrador boundary.

The safety of Canadian banks and their dividends is reflected in the Bank of Nova Scotia 'BNS-T' and the Royal Bank of Canada 'RY-T' trading up to new

52-week highs of \$59.21 and \$63.09 respectively, while the Precious Metals and Mining Trust 'MMP.UN-T' trades down to a new 52-week low of \$5.42.

The S&P 500 Index manages to keeps its positive momentum going as the broadest based American exchange gains a further 9-points to close at a new 5-year high of 1,518.

Canaccord's Debbie Lewis - "I was going to work out, but then I realized...this nap isn't going to take itself."

For the Week - The Dow Jones Industrial Average ends its New Year's consecutive weekly winning streak at five as America's senior exchange gave up 0.12%, while **the S&P 500 Index gained 0.20%, to extend its run of weekly wins to six**, and the NASDAQ Exchange was ahead by 0.41%. To the frozen north, the TSX Composite Exchange gained 0.25% and the 'good as gold' TSX Venture Exchange lost 1.86%.

And Finally - With the mass media fixated on telling us how modern man is destroying the planet, it is of great interest to see that the Spanish Wind Energy Association reports that wind energy there has overtaken both coal and nuclear power to produce 25% of that country's electrical needs.

Interesting times.....and thanks

Rod Blake, ASCT

Investment Advisor

rod.blake@canaccord.com

Evan Davies

Investment Advisor Assistant

evan.davies@canaccord.com

T: 604.643.7065

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