



The Week of January 21st to January 27th, 2013
“A Brief Look Back Into Tomorrow”

Good Morning

The fourth trading week of the New Year begins on a quiet note with the Canadian markets forced to go it alone with their American counterparts closed for Martin Luther King Jr. Day, but with the hope that the previous three weekly gains will be carried forward once again.

While consumers here in North America continue to enjoy natural gas prices that are hard pressed to get much above US\$3.50 per million British thermal units (MMBTU), Canaccord’s Morning Coffee reports that elsewhere in the world the price of the world’s cleanest fossil fuel is fetching some US\$18/mmbtu.

People must be traveling more as the share price both Canadian national airlines, Air Canada ‘AC.A-T’ and WestJet Airlines ‘WJA.A-T’, both hit new 52-week trading highs of \$2.28 and \$22.50 respectively.

Meanwhile, new market darling Research In Motion ‘RIM-T’ rises another \$2.77 to reach a new 52-week trading high of \$18.49 as analyst and investor sentiment improves towards the anticipated launch of the new BlackBerry 10 smartphone. (Where were these people when RIM’s stock was scraping the bottom of the market at just \$7.50 only a few months ago?).

The TSX Composite Index rises by another 69-points to a 17-month high of 12,994.

Osoyoos Indian Band Chief Clarence Louie - “If your life sucks, it’s because you suck.”

The Americans must have enjoyed Monday’s second inauguration of President Barack Obama as they came to the market on **Tuesday, January 22nd** in a positive mood and drove their **Dow Jones Industrial Average and S&P 500 Index up to new 5-year highs of 13,712 and 1,493 respectively.**

The TSX Composite Index, although equally positive on the day, still lags its siblings to the south as **Canada’s premier market gained 31-points to reach a new 18-month high of 12,825.** Remember, the Dow Industrials and TSX Composite Index were more or less equal at about 15,000 in 2008.

One of the first pieces of business that the American President may have to deal with was a letter he received Tuesday from Nebraska governor Dave Heineman confirming his state had approved TransCanada Corp's. 'TRP-T' new revised route for the controversial but most important Keystone XL Pipeline which will carry Alberta oilsands bitumen to port cities and refineries in the U.S. south.

The effects of the recovery in the U.S. housing market continues to spill over the border into Canadian forestry stocks as both Canfor Corporation 'CFP-T', Norbord Inc. 'NBD-T' and West Fraser Timber Co. 'WFT-T' reach new 52-week highs of \$18.59, \$32.47 and \$82.12 respectively, while western Canadian based oil producer Petrobakken Energy 'PBN-T' fell to a new 52-week low of \$8.87.

Canadians must still love their banks because on **Wednesday, January 23rd**, three of them, the Bank of Montreal 'BMO-T', CIBC 'CM-T' and Canadian Western Bank 'CWB-T', all rose to new 52-week trading highs, while Iamgold Corp. 'IMG-T' fell to a new 52-week low of \$9.20 when the intermediate gold producer warned of higher than expected production costs for the year ahead.

Meanwhile, the Dow Industrials and S&P 500 Index climb to new respective 5-year highs of 13,779 and 1,495.

Thursday, January 24th, begins with all eyes on Apple Inc. 'AAPL-Q' as the share price of the world's largest company tumble by \$63.51 or 12.36% to US\$450.50 when the market determined that 1st quarter sales of 47.8-million iPhones and 22.9-million iPads was not quite good enough.

Going almost unnoticed by the falling Apples was that the usually closely watched **HSBC's China Flash Purchasing Index rose in January to a 2-year high of 51.9.**

Agrium Inc. 'AGI-T' share's rise to a new 52-week high of \$115.26 when the fertilizer giant raises its 4th quarter earnings guidance by 50-cents to \$2.00 a share.

Conversely, the share's of Northland Resources 'NAU-T' plunge by over 65% to a new 52-week low of \$0.37 when the Swedish/Finish iron ore producer announces it is experiencing funding shortfalls.

Netflix 'NFLX-Q' share's finally catch fire by rising \$43.60 to US\$146.86 when the online movie company reports an unexpected 4th quarter profit and the addition of almost 4-million new customers.

The Canadian dollar plunges by almost 1/3rd of a cent to fall below US\$1.000 to US\$0.9978 after Bank of Canada Governor Mark Carney reports the country's growth will not be as robust as previously predicted and that interest rates will remain at their 15 level until at least 2014.

And to help reinforce this point, **Statistics Canada reports that the nation's inflation rate fell by 1.4% in 2012 to a 4-year low of just 1.5%.**

Only the Dow can keep its winning streak alive as America's senior exchange gains another 46-points to close at a new 5-year high of 13,825.

The week comes to a close on **Friday, January 25th**, with investors wondering if the major markets will be able to hold onto their recent weekly and yearly gains, and it gets off to a good start with a U.S. Commerce Department report that their Purchasing Manufactures' Index (PMI) rose by a better than expected 2.1-points this month to a 22-month high of 56.1.

In spite of most of the modern world's efforts to 'go green', the International Energy Agency (IEA) estimates that global coal consumption will increase by 16% over the next 5-years to 1.2-billion tonnes a year, and that coal will then rival crude oil as the world's top energy source.

And all of those who disagree with the proposed Gateway oil pipeline or other efforts to get Alberta's oil to tidewater can now add a monetary cost to their viewpoint, as a study by Cenovus Energy 'CVE-T' finds that **the discount to world market pricing in keeping Canada's crude oil landlocked in North America robs the country of about \$18-billion a year in lost revenue, or on a personal level, costs the average Canadian about \$1,200 a year in lost revenue.** (One can only wonder as to how many greenbelts, parks, medical services, schools, senior or transit services that kind of money would support).

In direct contrast to the screaming headlines as to how we're going ever deeper into debt, a National Credit Trends survey finds that the average Canadian's non-mortgage debt over 90-days fell by another 0.03% in the 4th quarter to just 1.22%, and well down from the pre-recession high of 1.75% established in 2007.

The Dow Industrials and S&P 500 keep their winning streak going with the Dow gaining a further 71-points on Friday to end the week at a new 5-year high of 13,896. Meanwhile, the S&P 500 Index gained 8-points to once again gross above that physiologically important level of 1,500 to end the week at a new 5-year high of 1,503.

Canaccord's Debbie Lewis - "Wouldn't it be great if we could put ourselves in the dryer for 10-minutes and come out wrinkle free and three sizes smaller?"

For the Week - The major North American markets run their weekly winning streak to four with the DJIA gaining 1.80%, while the S&P 500 Index rose by 1.14% and the NASDAQ Exchange was ahead by 0.48%. To the 'hockey's back' north, the TSX Composite Index was ahead on the week by 0.71% and the TSX Venture Exchange was down by 0.65%.

And Finally - We leave you with the warning that someone is always watching and it could be posted on social media in that an Australian man has complained via Facebook that Subway's famous footling sandwich being sold in that down under country is actually....now wait for it....only 11-inches long.

Interesting times.....and thanks

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