



The Week of May 20th to May 26th, 2013
“A Brief Look Back Into Tomorrow”

Good Day

We begin another week with consumer stock investors thinking that this bull market will never end while resource investors wonder if their next bull market will ever begin.

The Canadian markets are closed on Monday, May 20th for their annual Victoria Day holiday so the U.S. markets are forced to go it alone.

The Russian government reports that the bill for their up and coming 2014 Winter Olympic Games in Sochi has now reached a record US\$51-billion, well ahead of the now second highest US\$40-billion spent on the 2008 Summer Games in Beijing.

Yahoo! Inc. (YHOO-Q) spends 1/5th of its cash position to purchase New York based blogging service Tumblr for a cool US\$1.1-billion.

Did long suffering precious metals investors witness a short term ‘Key Reversal’ on **Monday, May 20th** when gold bullion opened lower and was driven down further to US\$1,336.30, only to rally late in the trading day to close up by some \$35 to US\$1,388.80. Similarly, silver fell to almost US\$20 and then rallied to end the day higher by \$0.74 to US\$22.99. (A quick look back here in a week or two could be very interesting indeed.)

Under the heading of ‘As Good As It Gets’ – Canaccord Genuity reports that most Canadian banks are raising their dividends twice a year and have an average annual dividend growth rate of some 9%.

Statistics Canada reports that the country’s retail sales were essentially flat for the month of March at about \$39.5-billion.

Stats Canada also reported that the number of people receiving unemployment benefits fell for the fifth consecutive month in March by 1.0% to 523,700 recipients.

The National Association of Realtors reports that U.S existing home sales increased by 0.6% in April to an annualized 5-year high of 4.97-million units.

And if you're looking for a security to best reflect the revival of the American housing industry look no further than giant home improvement retailer Home Depot (HD-N) that reported better than expected 1st quarter earnings and noted – “We continue to see benefit from a recovering housing market that drove a stronger-than-expected start of the year for our business.”

Meanwhile, ScotiaBank reports that inflows into the US equity mutual fund market have reached US\$72-billion so far this year, and if the trend holds it will mark the first year of net inflows into equity mutual funds since 2007.

All of this helped the Dow Jones Industrials and S&P 500 Index shake off their one day of nervousness and rally on Tuesday, May 21st to close at new respective record highs of 15,388 and 1,669.

U.S. Fed Chairman Ben Bernanke tells the nation that he was not thinking of scaling back his US\$85-billion a month bond buyback program at this time.

Meanwhile, outgoing Bank of Canada, (and some would say world leading), Governor Mark Carney in his last address to the Canadian people started in part – “We cannot save the euro or fix America’s fiscal challenges...Markets change, industries rise and fall, exiting new products emerge and then become commoditized. In a rapidly shifting world, only sustained education, ingenuity and investment can maintain competitiveness. This means we must continually invest in our workforce. With technology and trade transforming the workforce, the need to improve skills across the spectrum of work has never been greater.” (Great Britain is lucky to be getting this man.)

China puts an unexpected level of uncertainty into the markets when it reports that their manufacturing HSBC Flash PMI fell by an unexpected 0.8pp in May, to drop below the expansionary level of 50 for the first time in seven months to settle at a contraction level of 49.6.

And that’s all it took for the high flying Japanese Nikkei Index plunges by an immediate 7%.

Technical analysts David Tippin & Ron Meisels commented – “The key to the Toronto market lies in avoiding a break down below 12,400 and exceeding 13,000, the result of which would lead to a minimum move to the mid-14,000s.”

Bombardier Inc’s. (BBD.B-T) 2003 recreation vehicle spin-off BRP Inc. (DOO-T) finally goes public on the Toronto Stock Exchange with an Initial Public Offering or IPO priced at \$21.50 a share.

The markets received a little late week encouragement on Friday, May 24th when the U.S. Commerce Department reports their durable goods orders, (big things like airplanes that are meant to last more than 3-years), rose in April by a better than expected 3.3%.

The need to capture interest continued to drive the markets last week with high yielding BCE Inc. (BCE-T) at \$48.90, Enbridge Inc. (ENB-T) at \$49.17 and Westshore Terminals Investment (WTE-T) at \$30.65 setting new TSX 52-week trading highs while the resource sector continued to be a drag on the index with Claude Resources (CRJ-T) at \$0.27, Major Drilling Group Int’l. (MDI-T) at \$6.94 and Shore Gold (SGF-T) at \$0.16 establishing new 52-week trading lows.

For the Week –

Going into the Memorial Day long weekend, The Dow Industrials lost 0.33% to 15,304, while the S&P 500 Index fell by 0.96% to 1,650 and the NASDAQ Exchange was down by 1.14% to 3,459. To the “once again there are no Canadian teams left in the National Hockey League (NHL) playoffs” north, the TSX Composite Index gained 0.43% while the coming off a very deep bottom TSX Venture Exchange managed a weekly gain of 1.46%.

Canaccord’s Debbie Lewis – “9 out of 10 husbands agreed that their wives are always right. The 10th one hasn’t been seen since the study was conducted.”

And Finally –

A recent survey by the Certified General accountants association of Canada found that almost a third of households never or almost never have any money left after paying their monthly bills and that – “They felt that their incomes were not keeping pace with the cost of living.”

Interesting times.....and thanks

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