



The Week of October 21st to October 27th, 2013

“A Brief Look Back Into Tomorrow”

Good Day

The first full week of trading following the United States political leaders' decision to deal with the issue of raising the level of their federal government's US\$17-trillion debt problem was to kick that can further down the road into next year, leaves investors wondering if the previous week's late market rally could be sustained now that all of the drama had subsided, at least for the short while.

Crude oil moved lower on **Monday, October 21st**, as the price of the world's largest floating tax fell by \$1.71 to drop below that psychologically important \$100 level and end the day at US\$99.10-a-barrel.

With figures that reveal how poor decisions can cost a lot of money, **JPMorgan Chase** (JPM-N) has agreed to pay some US\$13-billion to settle some of the civil allegations against the company's handling of mortgage products during the financial crisis of 2008-09, all of this with the criminal investigation yet to come.

Investors drove the share price of **Maple Leaf Foods** (MFI-T) up by over 10% to \$14.65 when they saw increased value in the company on word it may sell its 90% controlling interest in **Canada Bread** (CBY-T).

There may soon be another diamond mine in northern Canada after **Mountain Province Diamonds** (MPV-T) announced on **Tuesday, October 22nd**, the company had received approval from the Minister of Aboriginal Affairs and Northern Development for the development of the company's Gahcho Ku diamond mine north of Yellowknife, Northwest Territories.

Conversely, the advent of a new gold mine in northern British Columbia took a large step backwards when **Pretium Resources** (PVG-T) shares' tumbled by over 30% to a new 52-week low of \$3.13 when the company announced much lower than expected bulk sample gold assays from its Valley of Kings gold prospect, causing resigning

mineral consultant **Strathcona Mineral Services** to comment that – “There are no valid gold mineral resources for the Valley of Kings Zone, and without mineral resources there can be no mineral reserves, and without mineral reserves there can be no basis for a Feasibility Study.” (This is turning into a good old fashioned p_____g match).

Netflix Inc. (NFLX-Q) shares surged upwards by almost 6.5% to US\$354.99 when the video streaming company reported third quarter earnings quadrupled to US\$32-million, along with the addition of 1.3-million new subscribers to give it just under 30-million domestic viewers.

Meanwhile, Canadians continued to shop as Statistics Canada reported that domestic retail sales rose by another 0.2% in August to \$40.3-billion.

Transportation stocks led the way on **Wednesday, October 23rd**, as the shares’ of **Canadian National Railway** (CNR-T) and **Canadian Pacific Railway** (CP-T) rose by 5.15% and 15.59% respectively after both of Canada’s national railways reported stellar 3rd quarter financials.

And it seemed that gold mining companies just couldn’t catch a break last week as the share price of **Centerra Gold** (CG-T) also cratered by almost 22% to \$4.18 on word that the government of the Kyrgyz Republic was going to try and force the issue to increase their percentage of ownership from its current 30% to 67% of their Kumtor gold project joint venture in that land.

Meanwhile, **Caterpillar Inc.** (CAT-N) shares came under some pressure when the world’s largest heavy equipment manufacturer reduced its outlook for 2014 sales.

Thursday, October 24th finally showed some joy for the gold miners as **Agnico Eagle Mines** (AEM-T) and **Goldcorp** (G-T) rose by 18.44% and 5.31% respectively when they each reported better than expected 3rd quarter financials.

WiLan (WIN-T) shares’ dropped by nearly 22% to \$3.19 on word the company had lost a patent infringement law suit it had against tech giant **Apple Inc.** (AAPL-Q).

Muddy Waters, the Hong Kong based research firm that drove a death nail in Chinese forest company **Sino Forest Products** a few years ago tried it again on **Friday, October 25th**, by putting out a negative report on Beijing based internet search company **NQ Mobile** (NQ-N), whose shares’ immediately plummeted by over 57% to US\$10.63 upon the report going public. (Oh, those name droppers...).

Microsoft Corp. (MSFT-Q) on the other hand, had a very good day as its shares’ rose by 5.8% to US\$35.73 when the world’s largest software company beat the street with

a stellar 3rd quarter earnings report.

Dow Theory states that a true bull market must be confirmed by transportation stocks which may bode well for the TSX Composite Index as **Air Canada** (AC.B-T) and **Bombardier Inc.** (BBD.B-T) both set new 52-week trading highs of \$5.43, along with **WestJet Airlines** (WJA-T) at \$26.87. On the negative side of the ledger, Partners REIT (PAR.UN-T) set a new 52-week trading low of \$5.81, along with fellow REIT **Inovalis REIT** (INO.UN-T) at \$8.59.

The markets also got a boost of comfort last week when stronger than expected new orders helped the Chinese Market/HSBC Purchasing Managers Index (PMI) to rise by 0.7points in October to a 7-month high of 50.9.

The week saw many short and long term new index closing highs as the TSX Venture Exchange reached a new 6-month closing high of 974, while the TSX Composite Index climbed to a new 2-year high of 13,399, with NASDAQ reaching a new 13-year high of 3,943 and the S&P 500 establishing a new record close of 1,760.

For the Week – The Dow Jones Industrials gained 1.11% to 15,570, while the S&P 500 Index rose by 0.88% to 1,760 and the NASDAQ Exchange improved by 0.74% to 3,943. On the Canadian side The TSX Composite Index gained 2.01% to 13,399 and the TSX Venture Exchange gained 2.38% to 974.

The Canadian dollar fell by 1.54% to US\$0.9562, while crude oil lost 2.84% to US\$97.96-a-barrel and gold bullion gained 2.85% to US\$1,352.00-an-ounce. The CRB Commodities Index improved by another 0.90-point to end the week at 282.56.

And Finally – With figures that seem to prove that the idiots continue to walk amongst us, the Federal Bureau of Investigation (FBI) reports that the incidents of laser pointer attacks that have temporally blinded airline pilots has increased in the United States by some 1,100% since 2005.

Rod Blake, ASCT

Investment Advisor

rod.blake@canaccord.com

Lori Kennedy

Investment Advisor Assistant

Lori.kennedy@canaccord.com

T: 604.643.7778

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