



The Week of October 28th to November 3rd, 2013

“A Brief Look Back Into Tomorrow”

Good Day

With the recent concerns of the U.S. debt ceiling now firmly kicked down the road into the New Year, the markets now returned their focus to corporate earnings, deals and the like and investors wondered if the last three week winning streak could be turned into four.

Tim Hortons (THI-T), that iconic Canadian coffee shop that already captures some 77% of the Canadian coffee market, announced on **Monday, October 28th** that for the **first time in 49-years, they were going to introduce a new blend of coffee into their menu**, a dark-roast blend that would compete for the same palates of those coffee connoisseurs that might frequent other upstarts such as **Starbucks Corp. (SPUX-Q)** and **McDonalds Corp. (MCD-N)**. Meanwhile, Canaccord’s Morning Coffee calculates that Timmy’s stock price has gained 7% in the past month and 30% in the year-to-date.

While on a related note, a recent study by the University of Alabama and Penn State found that once one reaches the advanced milestone of 75 years of age, there are no net benefits to eating healthy and that – “If you’re going to die, you’re just going to die.” (Mmmm....Donuts).

Our readers in the United States might find it of interest that Canadian Finance Minister Jim Flaherty stated that the federal government - “Will no doubt balance its books by 2015, and it won’t be a tiny surplus.”

Mergers and acquisitions continued in the gold sector with the shares’ of **Volta Resources (VTR-T)** surging up by over 102% to \$0.42 on word the Burkina Faso, Africa explorer & developer had agreed to a an all-stock takeover offer from Vancouver based **B2Gold (BTO-T)**.

And **Burger King Worldwide (BKW-N)**, the fast-food chain that is reinventing itself with

its 30% less fat fries, must be doing better as its shares' gained nearly 6.5% to US\$21.04 when it announced a quarterly dividend increase from \$0.06 to \$0.07 per share.

First we had **Bill Gates** taking a large position in **Canadian National Railway** (CNR-T), then last year, **Warren Buffet** disclosed he had taken a large position in **Suncor Energy** (SU-T), and now on **Tuesday, October 29th**, **Carl Icahn** announced he had purchased a near 7% interest in **Talisman Energy** (TLM-T). It would seem these highly successful Americans look more favourably towards Canadian stocks than do Canadians.

Goldquest Mining (GQC-V) shareholders' were happy to see their investment surge up by over 28% to \$0.36 when the mineral explorer released an encouraging NI 43-101 compliant resource estimate for its Romero copper/gold deposit in the Dominican Republic.

To the south, the price of **BP PLC** (BP-N) stock rose by almost 5% to US\$45.85 after the multinational oil giant reported better than expected 3rd quarter financials and better yet, raised its quarterly dividend by 5.6% to \$0.095 per share. (And to think that we could have bought the float of this company for just US\$27 following that disastrous Gulf of Mexico oil well blow-out in June, 2010).

Dell Inc. (DELL-Q) quietly disappears from the public forum as founder **Michael Dell** completes his US\$24.9-billion buyout and takes the computer company private.

The third quarter earnings parade continued on **Wednesday, October 30th**, with uranium giant **Cameco Corp.** (CCO-T) reporting better than expected results while mid-tier gold producer **Yamana Gold** (YRI-T) didn't quite meet the streets expectations.

You get a better understanding of China's need for secure energy sources when **Dealogic** reported that seven of the ten largest foreign mergers or acquisitions done by Chinese companies so far this year were in the energy sector, and that globally, over 20% of oil & gas deals involved Chinese firms.

The share price of mining companies operating in Mexico continued to suffer as the calendar moved ever closer to the **January 1, 2014** date that will see what was once one of the world's friendliest mining jurisdictions raise its corporate tax rate from 10% to 30% and impose a 7.5% mining royalty.

Barrick Gold (ABX-T) played a trick on the market on **Thursday, October 31st** when the gold mining giant announced it was suspending any further work on its controversial

Pascua Lama gold project that straddles the Argentina/Chile border, and then later in the day, announced a US\$3-billion equity financing to reduce debt and increase working capital.

Bombardier Inc. (BBD.B-T) also disappointed investors when the airplane/train manufacturer didn't meet the streets' expectations with its 3rd quarter financials and plane rollout schedule.

Suncor Energy (SU-T) impresses the market when the oil sands producer reported that **third quarter oilsands production rose to a record 595,000 barrels-a-day**, plus the decision along with partners **Teck Resources** (TCK.B-T) and **Total E&P Canada** to go ahead with its giant \$13-billion Fort Hills oilsands project in northern Alberta.

Facebook Inc. (FB-Q) also reported stronger than expected 3rd quarter results but cautioned that the number of young people using the social networking site was declining.

The auto sector continues to drive the economy forward with Bank of Nova Scotia estimating on **Friday, November 1st** that Canadian new vehicle sales will end the year at a post recession high of 1.84-million units.

Banks, consumer and transportation stocks once again led the Canadian market higher with the **Bank of Montreal** (BMO-T) at \$73.88, **Canadian Tire Corp.** (CTC.A-T) at \$99.51, and **CargoJet Inc.** (CJT-T) at \$12.84 all establishing new 52-week TSX closing highs, while real estate investment trusts and resources continued to be a drag with **Inovalis REIT** (INO.UN-T) at \$8.55, **Labrador Iron Mines Holdings** (LIM-T) at \$0.29 and **Painted Pony Petroleum** (PPY-T) at \$6.60 establishing new 52-week closing lows.

While on the subject of banks, Canaccord's Morning Coffee reports that the Canadian banks are up by 4% in the past month and up by 9% over the past 3-months.

We all know that it takes money, and a lot of it, to drive markets to record heights. And the money certainly seems to be flowing into the U.S. senior markets as Trim Tabs reported that US\$277-billion has flowed into American equity ETFs and mutual funds so far this year, and is on pace to outdo the record US\$324-billion that came into equities at the market peak of 2000.

All of which was reflected in the markets last month with the **TSX** gaining 4.49% in October, while the **TSX Venture** improved by 1.91%, the **NASDAQ** up by 3.95%, the **S&P 500** up by 4.46% and the **Dow Industrials** up on the month by 2.75%.

Near term and record index highs were again established during the week with the **TSX closing at a new 2-year high of 13,446**, while the **NASDAQ reached a new 13-**

year closing high of 3,952, with the S&P 500 setting a new record closing level of 1,770, along with the Dow Industrials with a new record closing high of 15,680.

For the Week – The **Dow Industrials** improved by a marginal 0.29%, with the **S&P 500 Index** also up by 0.11% while the **NASDAQ Exchange** gave back 0.53%. Across the border, the resource weighted **TSX Composite Exchange** lost 0.47% while the gold heavy **TSX Venture Exchange** lost a disappointing 1.89%.

The **Canadian dollar** gained 0.30% to US\$0.9591, while **crude oil** lost 3.32% to US\$94.71-a-barrel and **gold bullion** fell by 2.69% to US\$1,315.60-an-ounce. The **CRB Commodities Index** lost 2.9-points to end the week at 274.96.

And Finally – With the holiday shopping frenzy fast approaching, it is of interest that according to **Statistics Canada**, the value of Canada’s online shopping rose by 24% in 2012 to \$18.9-billion, with the average online shopper making thirteen separate transactions totaling \$1,450.

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