



The Week of December 17<sup>th</sup> to December 23<sup>rd</sup>, 2018  
“A Brief Look Back Into Tomorrow”

## Good Day

The new North American trading week began on **Monday, December 17<sup>th</sup>** with investors wondering how was it that **Scrooge** was able to steal the anticipated **Santa Clause** year-end market rally. To which technical analysts **David Tippin & Ron Meisels** commented – “The bears are currently in the ascendency but, with the bull market deeply oversold and downside exhaustion growing, **a turning point is near at hand**”. (For a complete copy of this report please contact [rblake@cgf.com](mailto:rblake@cgf.com))

**Petroleum stocks dropped** in unison as the price of **crude fell below US\$50** on continued concerns of an oversupplied market.

Conversely – **gold stocks rose** as the price of the yellow metal once again rose up to **US\$1.250-an-ounce**.

**Equity markets traded defensively lower** in anticipation of a **U.S. Fed interest rate** increase later in the week.

**Boeing Co. ‘BA-N’** and Brazil’s **Embraer** announce an **80/20 joint venture** to produce commercial aircraft going forward.

**Tuesday, December 18<sup>th</sup>** saw the price of **Tilray Inc. ‘TLRY-Q’** stock **surge up by 16% to US\$76.50** after the Nanaimo, BC based marijuana grower announced a **collaboration with Germany’s pharmaceutical giant Sandoz AG** to market **Tilray’s cannabis products internationally**.

**Boeing Co. ‘BA-N’ shares’** rise by almost **4% to US\$328.06** after the world’s largest aeronautical company not only **raised its quarterly dividend by 20% to \$2.055/share**, but also **raised its share buyback program by \$2-billion to US\$20-billion**.

**Wednesday, December 19<sup>th</sup>** had **Statistics Canada** report that – helped by a drop in petroleum prices – **the country’s annual inflation rate fell by 0.7% in November to just 1.7%**.

The **U.S. Federal Reserve (Fed)** did as expected and **raised its key federal funds rate by 0.25% to a range of 2.25% – 2.50%**.

**Labatt Breweries Canada** announced it will invest up to **\$50-million** in Nanaimo, BC based marijuana company **Tilray Inc. 'TLRY-Q'** to develop non-alcoholic **cannabis-based beverages**.

**Home Capital 'HCG-T'** shares' fell by **15%** to **\$14.00** on word that master investor **Warren Buffet's Berkshire Hathaway 'BRK-N'** was exiting his position in the alternative mortgage company.

**Facebook Inc. 'FB-Q'** stock **dropped by over 7%** to **US\$133.24** on word that the **District of Columbia** was taking the social media to court for **alleged personal security breaches**.

**First Quantum Minerals 'FM-T'** warned on **Thursday, December 20<sup>th</sup>** it would **lay off 2,500 Zambian workers** if that African country's government follows thru with recently announced **tax and royalty increases**.

**Precious metal stocks** rose in tandem as **gold bullion** rose by **\$12** to a new **6-month high** of **US\$1,268-an-ounce**.

Conversely – **petroleum associated stocks** weathered a wall of selling as **crude oil** dropped to a new **15-month low** of **US\$46.19-a-barrel**.

**Friday, December 21<sup>st</sup>** had **Statistics Canada** report that - led by manufacturing - the country's **gross domestic product (GDP)** rose in **October** by a **better than expected 0.3%**.

**Industry sources** reported that **Canada's shipments of crude oil by rail** rose by over **21%** in **October** to a record **327,000-barrels-per-day**.

**Petroleum industry analyst Baker Hughes 'BHGE-N'** reported that the number of **active American drilling rigs** rose by **9-rigs** last week to **1,080** active drilling rigs. While up north - the number of **Canadian active drilling rigs** fell by **43-rigs** to **131** active drilling rigs.

**Nike Inc. 'NIKI-N'** shares' rose by over **7%** to **US\$72.37** after the giant sportswear company handily beat analysts' expectations with its **3<sup>rd</sup>-quarter report**.

**During the Week** – **gold bullion** rose to a new **6-month high** of **US\$1,264-an-ounce**, as **crude oil** fell to a new **1<sup>1</sup>/<sub>4</sub>-year low** of **US\$45.40-per-barrel** and the **Canadian petro-dollar** fell to a new **1<sup>1</sup>/<sub>2</sub> -year low** of **US\$0.7353**. Meanwhile, the **Dow Industrials** and **S&P 500** dropped to respective **1<sup>1</sup>/<sub>4</sub>-year lows** of **22,445** and **2,417** and the **NASDAQ** fell to a new **10-month low** of **6,333**. Up north – the **TSX Composite** fell to a new **1<sup>1</sup>/<sub>2</sub>-year low** of **13,936** and the **TSX Venture** cratered to a new **2<sup>3</sup>/<sub>4</sub> -year low** of **530**. And the **VIX** climbed to a **10-month high** of **28.38**.

**Holloway Lodging 'HLC-T'** at **\$6.46**, **Kirkland Lake Gold 'KL-T'** at **\$34.18** and

**Sportscene Group 'SPS.A-T' at \$9.95 all rose to new TSX 52-week trading highs while Canadian Imperial Bank of Commerce 'CM-T' at \$101.31, Encana Corp. 'ECA-T' at \$7.53 and MCAN Mortgage 'MKP-T' at \$12.91 all fell to new 52-week trading lows.**

**For the Week – the Dow Industrials lost 6.87% to 22,445, with the S&P 500 off by 7.04% to 2,417 and the NASDAQ down by 8.36% to 6,333. Meanwhile, further north, the TSX Composite dropped by 4.52% to 13,936 and the TSX Venture fell by 4.68% to 529.**

**With Commodities – gold bullion rose by 1.37% to US\$1,258, while copper fell by 3.26% to US\$2.67, as crude oil dropped by 11.79% to US\$45.40 and natural gas sank by 4.16% to US\$3.46. Overall, the CRB Spot Commodity Index fell by 0.96% to end the week at 412.**

**The Canadian dollar lost 1.57% against its southern counterpart to finish the week at US\$0.7353.**

**And the closely watched CBOE Volatility Index or VIX surged up by 8.26-points to end the week at a much more nervous level of 29.89.**

**And Finally – For years now environmentalists have expounded how their agenda is gaining economic traction – the numbers would tend to say that there is much more talk than action - as a recent **Statistics Canada** report reveals that **environmental and clean-technology industries accounted for just 3.1% of Canada's GDP in 2017 –** relatively unchanged from when data was first compiled in 2007.**

**And Finally, Finally – The Week is taking the rest of the year off. If all goes according to plan this publication will re-appear on or about Monday, January 7<sup>th</sup>.**

Sources: Bloomberg, Thomson Reuters, MarketWatch, Globe & Mail, Wall Street Journal, Dow Jones, Financial Times, National Post, Briefing.com, Credit Suisse, and StreetAccount.

Disclaimer: This publication is a general market commentary and for informational purposes only, it does not constitute a research report and does not contain investment advice. This commentary has been prepared using sources believed to be accurate and true. This material is not complete information respecting any security and therefore is not a sufficient basis on which to base an investment decision.

The information contained in this commentary is drawn from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it does Rod Blake, Canaccord Genuity Corp. or its subsidiaries, or affiliated companies, assume any liability. This information is current as of the date appearing in this commentary, and neither Canaccord Genuity Corp. nor Rod Blake assume any obligation to update the information or advise on further developments relating to these securities. This commentary is intended for distribution in those jurisdictions where Canaccord Genuity Corp. Rod Blake is registered as advisors or dealers in securities. Any distribution or dissemination of this commentary in any other jurisdiction is strictly prohibited. The information does not constitute an offer or solicitation in any jurisdiction in which such

an offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. Canaccord Genuity Corp. and holdings of its respective directors, officers and employees and their associations, from time to time may buy or sell any securities mentioned herein. This message is intended only for the use of the individual or entity to which it is addressed and may contain information which is privileged, confidential or subject to copyright. Internet communications cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, arrive late or contain viruses. Canaccord Genuity Wealth Management is a division of Canaccord Genuity Corp., a Member of the Canadian Investor Protection Fund.