



The Week of August 18th to August 24th, 2012
“A Brief Look Back Into Tomorrow”

Good Afternoon

After a week away participating in a full slate of very important summer social and business events, the re-energized brokers and traders returned to a much different looking scenario in that the U.S. major markets had just posted their sixth consecutive weekly gain and were a mere percent or two of establishing new multi-year highs on improved consumer confidence figures, while the Canadian markets advanced on improved resource prices and a lower inflation rate, and the weekend media reported that -

For the 33rd week of 2012, the Dow Jones Industrial Average advanced by another 0.51% to 13,275, while the S&P 500 Index gained 0.80% to 1,417, and the NASDAQ Exchange was ahead on the week by another 1.85% to 3,077. To the basking in summer north, the TSX Composite Index ended the week with a gain of 1.70% to 12,090 and the oversold TSX Venture Exchange gained a leading 3.54% on the week to 1,233.

Some of the 57 new TSX 52-week trading highs established last Friday were Agrium Inc. (AGU-T) at \$99.58, Boardwalk REIT (BEI.UN-T) at \$66.49, Canadian Pacific Railway (CP-T) at \$85.00, Davis & Henderson (DH-T) at \$19.53, First Capital Realty (FCR-T) at \$19.23, Gildan Activewear (GIL-T) at \$32.13, Horizon North Logistics (HNL-T) at \$7.23, Inter Pipeline Fund (IPL.UN-T) at \$21.79, MacDonald Dettwiler & Assoc. (MDA-T) at \$59.59, Pizza Pizza (PZA.UN-T) at \$10.84 and Retrocom Mid-Market REIT (RMM.UN-T) at \$5.87, while some of the 20 new lows include AvenEx Energy (AVF-T) at \$2.56, Chieftain Metals (CFB-T) at \$2.31, Gryphon Gold (GGN-T) at \$0.09, Lone Pine Res. (LPR-T) at \$1.29, MBN Corp. (MBN-T) at \$4.36, NexJ Systems (NXJ-T) at \$4.32, Otelco (OTT.N-T) at \$2.05, Peregrine Diamonds (PGD-T) at \$0.26, Rockwell Diamonds (RDI-T) at \$0.24, Shoreline Energy (SEQ-T) at \$3.30, Trego (TGO-T) at \$8.88 and Wallbridge Mining Co.(WM-T) at \$0.11.

Technical analysts David Tippin & Ron Meisels - “If the major market indices can stay above their respective 200-day moving averages, there is a good chance to make a run to new highs for this bull market. This market may have one or more surprises in store before it calls it quits.”

Much of the American markets continued enthusiasm last week came after a Thomson Reuters/University of Michigan study that revealed their country’s consumer sentiment rose by an unexpected 1.3-points last month to a 3-month high of 76.6.

National Bank Financial - “It seems the U.S. economy is much more resilient than people had thought even just a couple of months ago”

While much of the Canadian markets advance came after Statistics Canada reported the rate of growth of the country's consumer price index or CPI eased by 0.2% in July at a lesser than expected rate of 1.3%, and crude oil gaining 3.41% last week to close at US\$96.51 a barrel.

BMO Capital Markets - "With inflation running below target and external headwinds still blowing, we don't expect the Bank of Canada to resume tightening until well into next year."

Canaccord's Junior Mining Weekly - "Since early March, it has been a tough market for junior mining companies. Average daily volumes for the TSX Venture have been well below the critical threshold of 200-million shares and the TSX venture has dropped 27.7% since March 1st. While March to August is typically associated with negative returns for small caps, juniors have tended to outperform from September to the end of February."

Lake Shore Gold (LSG-T) share's fell by \$0.16 or 14.41% to \$0.95 last Friday after the junior miner announced a \$90-million convertible debenture financing.

Conversely, the shares of Petroamerica Oil (PTA-T) rose by \$0.04 or 24.24% to \$0.21 last Friday when the explorer reports encouraging preliminary testing of its La Maracas-4 oil well in Colombia.

Apple Inc. (AAPL-Q) share's hit a new record high of US\$644.13 and a record high market capitalization of US\$602-billion last Friday on word that the manufacturer of the iPhone and iPad would soon be introducing iTV.

The closely watched CBOE Volatility Index or VIX fell below the 15-level last week to end the week at a much calmer level of 13.47.

Napoleon Hill - "No man ever achieved worthwhile success who did not, at one time or other, find himself with at least one foot hanging well over the brink of failure."

And then on Monday, August 20th -

The new trading week begins with investors wondering if this will be the week that the Dow Industrials or the S&P 500 Indexes will finally above their pre-2008 market crash levels.

The shareholders' of Coventry Health Care (CVH-N) are pleased to see their investment surge up by \$7.10 or 20.32% to US\$42.04 when the insurer agrees to a US\$5.6-billion cash and stock takeover from rival Aetna (AET-N).

Franco-Nevada (FNV-T) and Inmet Mining (IMN-T) signed a deal that will see the former pre-buy 1.3-million ounces of gold & silver from the latter in order for Inmet to finance its Cobre Mine in Panama.

The share's of Pure Energy Services (PSV-T) rise by \$3.12 or 39.75% to \$10.97 when the Canadian petroleum service company agrees to a \$282-million all-cash takeover by its American counterpart FMC Technologies (FTI-N).

Apple Inc. (AAPL-Q) shares' gain a further \$17 to US\$ 665.15-a-share giving the iPad and iPhone manufacturer a record breaking market capitalization of US 620-billion, and breaking the longstanding record held by Microsoft (MFST-Q) during the height of the tech market in 1999.

The markets make a late day shudder when Germany's National Central Bank warned that buying ECB debt came with substantial risks.

Albert Einstein - "Only two things are infinite, the universe and human stupidity, and I'm not sure about the former."

Tuesday, August 21st -

Monday's those Europeans just couldn't keep quiet for one more day, could they overall off day in the markets allows Canaccord's Morning Coffee to report 42 new 52-week trading highs to go along with 21 new 52-week trading lows. A mix of the new highs of interest includes Ainsworth Lumber (ANS-T) at \$2.36, Brookfield Infrastructure LP (BIP.UN-T) at \$36.25, Canadian National Railway (CNR-T) at \$91.97, Equitable Group (ETC-T) at \$31.25, Gamehost Inc. (GH-T) at \$13.35, Horizons Global Dividend ETF (HAZ.A-T) at \$12.23, Morneau Shepell Inc. (MSI-T) at \$12.68, Norbord Inc. (NBD-T) at \$16.24, Pure Energy Services (PSV-T) at \$10.96, Retrocom Mid-Market REIT (RMM.UN-T) at \$5.90, TransForce Inc. (TFI-T) at \$18.94 and WestJet Airlines (WJA.A-T) at \$16.99, while a few of the new lows of note were AZUMAH RES. (AZR-T) at \$0.15, Cargojet Inc.(CJT.A-T) at \$7.00, Dejour Energy (DEJ-T) at \$0.15, Elgin Mining (ELG-T) at \$0.48, Forbes & Manhattan Coal (FMC-T) at \$0.62, Lupaka Gold (LPK-T) at \$0.56, Macarthur Minerals (MMS-T) at \$0.28, San Gold Corp. (SGR-T) at \$0.81, Tuscany Int'l. Drilling (TID-T) at \$0.22 and Village Farms Int'l. (VFF-T) at \$0.65.

DWM Securities - "We're getting some mixed signals coming out of Europe again. The market is learning to digest this and take it with a grain of salt. Once upon a time if we heard mixed signals coming out of Europe, we would be down triple digits. Everyone is kind of, enough is enough."

Under the heading of 'Bottom Line' - **Belize Finance Secretary reports his Central American country is effectively bankrupt and recently missed a US\$23-million bond payment, but is trying to make everything right by offering to pay the lender.... now wait for it....20-cents on the dollar.**

ATAC Resources (ATC-V) shares' gain \$0.23 or 8.98% to \$2.79 when the mineral explorer reports more encouraging drill hole gold assays from its Yukon based Rackla Gold Project.

The share price of Horn Petroleum (HRN-V) fall by \$0.07 or 10.77% to \$0.58 as investors showed their concern over delayed drill test results from its Shareel North oil well in Puntland, Somalia.

The shareholders' of Urban Outfitters (URBN-Q) are pleased to see their investment surge up by \$5.62 or 17.97% to US\$36.90 when the American retailer beats the street's expectations with its 2nd quarter financials.

Canaccord's Arno Richter - "If a man speaks in a forest where no woman can hear him, is he still wrong?"

Wednesday, August 22nd -

Yesterday's let's pause and reflect mixed day of trading leaves the TSX to report 50 new 52-week trading highs and 24 new lows. A collage of the new highs of note includes Allied Properties REIT (AP.UN-T) at \$32.12, Coastal Contacts (COA-T) at \$3.69, InterRent REIT (IIP.UN-T) at \$5.98, Northland Power (NPI-T) at \$19.40, Peer 1 Network Enterprises (PIX-T) at \$2.75, Trimac Transportation (TMA-T) at \$5.25 and Westshore Terminals (WTE-T) at \$26.16, while some of the notable new lows were Argosy Energy (GSY-T) at \$0.16, Copper Mountain Mining (CUM-T) at \$2.59, DragonWave (DWI-T) at \$2.13, Electrovaya Inc. (EFL-T) at \$0.41, Helix Biopharma (HBP-T) at \$1.00, New Pacific Metals (NUX-T) at \$0.59, Orbit Garant Drilling (OGD-T) at \$2.95, QMX Gold (QMX-T) at \$0.33 and Zincore Metals (ZNC-T) at \$0.12.

Wells Capital Management - "The greatest gift bequeathed to investors in this recovery cycle has been a monumental 'wall of worry' which the stock market has endlessly climbed. When the consensus investment mindset eventually recovers from an overwhelming bout of crisis psychosis, the stock market rally will likely be near its end."

Caterpillar CEO Doug Oberhelman - "There's never been a more unpredictable set of tea leaves than right now. Even in 2008 and 2009, U.S. housing were already dying and had been for 2-years. We saw that. I don't think the situation is as grave as it was in 2008, but the uncertainty, the storm clouds are around things that none of us know about - like what will happen with the political situation in Europe."

Statistics Canada reports that foreigners sold another \$987-million of Canadian Equities in June and outfalls now total \$2.5-billion for the year to date..

Statistics Canada reports the country's retail sales fell in June by an unexpected 0.4%.

Sunrise Senior Living (SRZ-N) shares' surge up by \$5.32 or 59.57 when the company agrees to a US\$1.9-billion all-cash buyout by Health Care REIT (HCN-N).

The shares' of Scorpio Mining (SPM-T) rise by \$0.12 or 17.65% to \$0.80 when the beleaguered junior mineral explorer reports encouraging drill hole copper/gold/silver assays from its El Cajon deposit in Sinaloa, Mexico.

Robert Albert Bioch - "Nature gave us two ends: One to sit on and one to think with. Ever since then, man's success or failure has been dependent on the one he used most."

Thursday, August 23rd -

Wednesday's continued investor indecision leaves the TSX with a reduced 26 new 52-week trading highs to go along with 19 new 52-week lows. A few of the new highs of note were Argent Energy Trust (AET.UN-T) at \$10.15, Boston Pizza Royalties (BPF.UN-T) at \$19.00, Dorel Industries (DII.A-T) at \$32.00, CGI Group (GIB.A-T) at \$25.98, First Asset Canadian REIT (RIT.UN-T) at \$12.83, Parkland Fuel Corp. (PKI-T) at \$16.97, Redknee Solutions (RKN-T) at \$1.37, Score Media (SCR-T) at \$1.01 and Vecima Networks, while a few of the interesting new lows include Bucking Horse Energy (BUC-T) at \$1.60, Discovery Air (DA.A-T) at \$3.10, Equity Financial Holdings (EQI-T) at \$7.60, New Pacific Metals (NUX-T) at \$0.55, Otelco (OTT.UN-T) at \$1.79 and Swisher Hygiene (SWI-T) at \$1.51.

Bank of Canada Governor Mark Carney - "Canada's economy is overexposed to the United States and underexposed to faster-growing emerging markets. Our poor performance prior to the crisis was more a reflection of who we traded with than how effectively we did it.... We all need to recognize that the durable, high-paying jobs of the future will be located in companies that invest to equip and train their workers and that are fully engaged in the global economy."

Governor Carney also encouraged the country's corporations to begin spending some of the \$562-billion they have been hoarding since the economic crisis of 2008 stating - "This is dead money."

The U.S. Commerce Department reports their new home sales rose by a better than expected 3.6% in July to an annualized 372,000 units.

Similarly, **Toll Brothers (TOL-N), America's largest luxury home builder, reports its best quarterly revenue since the housing market crash of 2008.**

Advantage Oil & Gas (AAV-T) shares' rise by \$0.42 or 12.84% to \$3.69 when the petroleum producer announces plans to sell off some of its non-core assets.

The share price of Big Lots (BIG-N) fall by \$8.80 or 22.64% to US\$30.05 when the retailer sights declining sales for cuts its full-year earnings forecast.

Boeing Co. (BA-N) receives a setback when Australia's Qantas Airways cancels an order for 35 or US\$8.5-billion of the company's 787 Dreamliners.

The shares' of Guess (GES-N) plunge by \$7.70 or 22.96% to US\$25.84 when the clothing retailer cuts its annual revenue and profit forecasts due to declining sales.

Gold bullion surges up by \$31.90 to close a 4-month high of US \$1,672.40 an ounce.

Silver gains \$0.69 to once again cross above \$30 to end the day at a new 4-month high of US\$30.52 an ounce.

Tom Hopkins - "Plan your actions then act on your plans. Apply this determination to every area of your life and it will make an enormous difference in your income, growth rate in business as well as your satisfaction and growth rate personally."

Friday, August 24th, Short Strokes –

Yesterday's dwelling on the negative day in the markets leaves the TSX with 21 new 52-week reading highs and 14 new lows. A few of the notable new highs includes Bonnett's Energy (BT-T) at \$4.75, Constellation Software (CSU-T) at \$100.00, K-Bro Linen (KBL-T) at \$29.46, Partners REIT (PR.UN-T) at \$8.09, Royal Gold (RGL-T) at \$84.34 and Talison Lithium (TLH-T) at \$6.55, while some of the notable new lows were Ballard Power Systems (BLD-T) at \$0.97, BMTG Group (GBT.A-T) at \$15.70, Cardiome Pharma (COM-T) at \$0.30, Hanfeng Evergreen (HF-T) at \$1.48, Metalore Resources (MET-T) at \$3.79, Quest Rare Minerals (QRM-T) at \$1.13, Second Wave Petroleum (SCS-T) at \$0.74 and Xtra-Gold (XTG-T) at \$0.86.

The U.S. Commerce Department reports their durable goods orders, (big things like tractors meant to last more than 3-years), rose in July by a better than expected 4.2%.

Bloomberg News reports that the number of millionaire households in China rose by 16% last year to 1.43-million households, third only to the United States and Japan.

Meanwhile a CIBC Harris/Decima poll finds that 45% of Canadians surveyed say they have no emergency funds to draw from during emergencies.

The World Gold Council reports that physical demand for gold from exchange traded funds or ETF rose to an all-time high in August and stated - "Something is starting to move, and therefore we are in the camp that says gold is going to have a much stronger second half of the year."

Perry Marshall reports that the last and most critical of the eleven secret spices that Colonel Sanders put into his world renowned fried chicken recipe was.....now wait for it....common table salt.

Golf Canada reports the honest game generates over \$11.9-billion a year to the Canadian economy.

While the Augusta National Golf Club, home of the iconic Masters Golf Tournament, finally joins the 21st Century by allowing women to join its select membership.

One share of Apple Inc. (AAPL-Q) stock today would buy one of their Apple I computers that were first launched and were retailed in 1976 for US\$666.66.

Statistics Canada reports that higher duty-free exemptions helped to push Canadian overnight trips to the United States to rise by 7.5% in June to a

record high 1.9-million trips.

Under the heading of 'Vendor Motivated' - Greece Prime Minister Antonis Samaras says his government might be prepared to sell or lease some of the country's islands to help fund its austerity plans.

Canaccord's Debbie Lewis - "Ladies; if a man says he will fix it, he will. There's no need to remind him every 6-months about it."

For the Week-

The DJIA lost 117-points to 13,158, the S&P 500 lost 7-points to 1,411, the TSX lost 8-points to 12,082, the NASDAQ lost 7-points at 3,070 and the JVX gained 19-point to 1,252.

Gold gained \$52.90 to \$1,672.30, Silver gained \$2.65 to \$30.74, Crude Oil lost \$0.39 to \$95.93, Natural Gas lost \$0.02 to \$2.93 and Copper gained \$0.06 at \$3.49.

The CRB Commodities Index followed precious metals, base metals, and soft commodities higher to gain 2.56-points to end the week at 306.04.

The Canadian dollar lost 0.28-cents against its American counterpart to close the week at US \$1.0083 and the Euro gained 1.78-cents against the greenback to end the week at US \$1.2511.

And Finally -

While the world is full of people who have received a monetary helping hand from their family, few have done quite as well as Brett Icahn who recently received a cool US\$3-billion from his father Carl's U.S. Icahn Enterprises to help.....improve himself as a portfolio manager.

Interesting times.....and thanks

Rod Blake, ASCT
Investment Advisor
rod.blake@canaccord.com
T: 604.643.7567

Jason Tomkinson, BA (Econ)
Senior Investment Advisor
jason.tomkinson@canaccord.com
T: 604.661.7845

Evan Davies
Investment Advisor Assistant
evan.davies@canaccord.com
T: 604.643.7065

Looking for investment or trading ideas? Give us a call, we can help. Toll free 1-800-663-1899.

To view previous editions of “The Week”, “Articles of Interest” or to learn more about The Blake Tomkinson Group please visit our website at www.rodneycastle.com.

Our mission is to maximize the value of your portfolio through a dedication to investigation, research and innovative ideas, and to enhance your investment experience by providing the highest level of attention to detail and service available in the financial community.

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, Jason Tomkinson, 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 nor Jason Tomkinson 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 and Jason Tomkinson are 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 Wealth Management is a division of Canaccord Genuity Corp., a Member of the Canadian Investor Protection Fund.