



The Week of February 4th to February 10th, 2012
“A Brief Look Back Into Tomorrow”

Good Afternoon

Following a week that saw the major North American markets run their string of continuous winning weeks to five, as investors continue to focus on domestic issues when the U.S. employment figures beat even the highest of expectations, while gold bullion retreated, and Facebook prepared to go public, the weekend media reported that -

As the back in the groove investment advisors made their way home last Friday, February 4th, they were pleased that the American economy was finally gaining some traction in that for the fifth week of 2012, the Dow Jones Industrial Average returned a healthy gain of 1.59%, with the S&P 500 Index up on the week by 2.17% and the NASDAQ Exchange up on the week by an impressive 3.16%. North of the border, the gold sensitive TSX Composite Index had a weekly gain of 0.89% while the TSX Venture Exchange had a weekly return of 2.21%.

Some of the 70 new TSX 52-week trading highs established last Friday were Badger Daylighting (BAD-T) at \$23.35, Canadian Pacific Railway (CP-T) at \$74.32, Enbridge Inc. (ENB-T) at \$38.56, First Capital Realty (FCR-T) at \$38.49, Huntington Capital (HNT-T) at \$8.95, Imperial Metals (III-T) at \$17.45, Liquor Stores (LIQ-T) at \$16.30, Major Drilling Group (MDI-T) at \$18.23, Newalta Corp. (NAL-T) at 14.25, Parkland Fuel Corp. (PKI-T) at \$13.18, TransForce Inc. (TFI-T) at \$17.11 and WhiteCap Res. (WCP-T) at \$9.65, while three of the 9 new 52-week trading lows were Cequence Energy (CQE-T) at \$1.61, Northcore Technologies (NTI-T) at \$0.08 and Rock Energy (RE-Y) at \$1.82.

The Dow at 12,862 is at its highest point since before the Lehman Brothers induced market meltdown of May, 2008, while the NASDAQ is at its highest level since dot-com crash of December, 2000.

And at 8.3%, the U.S unemployment rate is at its lowest rate of the past 3-years.

BMO Nesbit Burns - “It’s not just the number of people leaving the labour force that is pushing down the unemployment rate, it’s a clear decline in the number of unemployed. The risk of a U.S. recession, and likewise a Canadian recession, have declined meaningfully in the past 6-months.”

CIBC World Markets - "The U.S. is losing some of the lead weight that its economy felt from housing and a battered housing sector, just as Canada is losing a bit of momentum. Ultimately, the better America is doing, the more promising Canada's outlook is."

BMO Capital Markets - "Despite the vigorous equity market rally seen since late last year, investor sentiment looks to merely have clawed its way back to normal levels after being severely depressed last fall"

Manulife Financial Corp. - "The strength in the U.S. economy implies that the possibility of more Fed easing or another quantitative package is being diminished, and gold's going to take it on the chin."

Financial post - "With 845-million users, Facebook is the undisputed king of the social Web, a veritable gold mine of user information for marketers looking to target specific consumer segments on the Internet."

Magma Metals (MMW-T) shares' more than doubled to \$0.15 last Friday when Australia's Panoramic Resources makes an A\$40-million all-stock takeover bid for the Ontario mineral developer.

Similarly, the shares' of Salazar Resources (SRL-V) surge up by \$0.10 or 17.86% to \$0.66 on word that giant Lundin Mining (LUN-T) was investing another \$3-billion in the Ecuadorian mineral explorer.

Under the heading of 'Into The Wind' - Alberta electrical utility, TransAlta (TA-T) projects that refinements in technology will help the cost of wind power to drop from about \$80 per megawatt today to less than \$65 per megawatt by 2030.

While Canadian and American 10-year treasuries remain quagmired at about 2%, consider those of Portugal, that rose as high as 17.5% in the past week.

Charles de Gaulle - "Greatness is a road leading towards the unknown."

And then on Monday, February 6th -

The first day of the new trading week begins with investors looking for signals that last week's U.S. employment euphoria was not lost over the weekend.

Canaccord's Junior Mining Weekly - "We believe the dynamics in the market set the stage for a year of above-average and merger and acquisition (M&A) activity. Record commodity prices throughout 2011 has had a positive outcome on the balance sheets of producing mining companies. Pair this with the negative performance in the junior mining space, and we feel this could lead to above-average M&A activity in 2012."

And on a related note, **Metals Economics Group (MEG)** reports that in 2011, **Canadian based projects accounted for 18% of worldwide mineral exploration spending, while Canadian companies accounted for 40% of the \$17.25-billion spent globally on exploration last year and were more than half of the world's 2,400 active explorers in 2011.**

Statistics Canada reports that the country's Ivey Purchasing Managers Index (PMI) rose unexpectedly to a level of 64.1 in January.

Similarly, Germany reports its Manufacturing Orders rose by a better than expected 1.7% in December.

Hedge fund Pershing Square holds a town hall meeting in the centre of the known universe, Toronto, to introduce ex-Canadian National Railway (CNR-T) CEO Hunter Harrison as their candidate to take-over the same position with his old rival Canadian Pacific Railway (CP-T).

Under the heading of 'Come Fly With Us' - Canada's three major airlines Air Canada (AC.B-T) WestJet (Airlines WJA-T) and Porter Airlines all report an increase in the January their respective load factors.

Atrium Energy (AEN-T) shares' plunge by \$0.30 or 21.90% to \$1.07 when the petroleum explorer reports that its latest well in the U.K Central North Sea will be...plugged and abandoned.

The shares' of DryShips (DRYS-Q) rise by \$0.40 or 16.63% to US \$2.81 when the company reports it had won a contract to drill fifteen oil wells on the Norwegian Continental shelf.

Sohu.com (SOHU-Q) shares' fall by \$9.64 or 15.29% to US \$53.41 when the Chinese internet portal forecasts less than expected 1st quarter profits.

Mark Twain - "There are basically two types of people. People who accomplish things and people who claim to have accomplished things. The first group is less crowded."

Tuesday, February 7th -

Monday's continued uncertainty in the Eurozone induced negative start to the new trading week leaves Canaccord's Morning Coffee to report a reduced 49 new 52-week trading highs to go along with just 7 new 52-week trading lows. A few of the new highs of interest include Atna Resources (ATN-T) at \$1.15, Blue Ribbon Income Fund (RBN.UN-T) at \$11.53, Ecopetrol S.A. \$52.21, Great West Gaming (GC-T) at \$9.24, High Liner Foods (HLF-T) at \$18.85, Providence Energy (PVE-T) at \$11.75 and United Corps. (UNC-T) at \$51.81, while three of the new lows of note were Alliance Grain Traders (AGT-T) at \$18.01, GWR Global Water Resources (GWR-T) at \$2.75 and Perpetual Energy (PMT-T) at \$0.75.

BNY Mellon Wealth Management - "It's not surprising for the market to catch it's breath after the very strong start to the year that we've seen, especially as there are still a lot of concerns about what will happen in Europe."

RBC Dominion securities - "In the absence of a resolution to Greece and without any data signposts for direction, markets were left to chop around in an uncertain session bereft of clear sponsor."

Notley's Notes - "Secular trend describes the basic growth or decline tendency of a series. At year 2012, we mark the 13th year of crude oil's secular expansion. This structural leadership remains intact. The 2008 collapse in crude prices was a cyclical event of extreme contraction and deflation. The underlying very long term secular trend of growth is still with us for this 5th secular expansion since 1868.

Statistics Canada reports that an increase in condominium activity helped to raise the value of Canada's building permits by a better than expected 11% in December to \$6.8-billion.

Swiss mining giant Xstrata PLC and commodity trader Glencore International PLC agree to a US \$90-billion merger of equals that will create the world's 4th largest mining company.

Cap-Ex Ventures (CEV-V) shares' rise by \$0.14 or 14.14% to \$1.13 when the mineral explorer reports more encouraging drill hole iron assays from the Northwest Zone of its Block 103 iron property near Schefferville, Quebec.

African gold miner Nevsun Resources (NSU-T) shares' plunge by \$1.97 or 31.07% to \$4.37 when the company surprises the street with a much less than expected 2012 gold production guideline.

The Dow Jones Industrials gain 33-points to close at a new 3¾-year high of 12,879.

John Maxwell - "Several times in my life, I have wanted to stop, but words or deeds of encouragement have kept me going."

Wednesday, February 8th -

Yesterday's mixed day of trading activity leaves the TSX to report 50 new 52-week trading highs and 13 new lows. A mix of the new highs of note includes Automodular (AM-T) at \$3.07, Coastal Energy (CEN-T) at \$18.40, Enbridge Inc. (ENB-T) at \$38.85, Intact Financial (IFC-T) at \$61.69, La Mancha Resources (LMA-T) at \$3.29, Primaris Retail REIT (PMZ.UN-T) at \$22.57, Softchoice Corp.(SO-T) at \$12.51 and Whiterock REIT (WRK.UN-T) at \$16.17, while 5 of the lows of interest were Corridor Resources (CDH-T) at \$0.77, Karnalyte Resources (KRN-T) at \$8.10, Nevsun Resources (NSU-T) at \$4.37, Rock Energy (RE-T) at \$1.80 and Terra Energy (TT-T) at \$0.36.

J.P. Morgan Funds - "There's a tug of war between fundamentals, which are improving, and the macro backdrop of geopolitical risk from Europe."

Technical analysts David Tippin & Ron Meisels - "The January Indicator, which says that if the month ends higher than its beginning then the entire year will be positive, has given a bullish signal. With an increasingly bullish technical picture, all short-term market weaknesses should be treated as buying opportunities. The 'wall of worry' remains in place and bulls seem to be in the mood to provide more upside surprises."

Statistics Canada reports that the country's population led a G-8 nations in population growth as its numbers grew by 5.9% in the past 5-years to 33.5-million.

The shares' of Caesars Entertainment (CZR-Q) surge by \$6.49 or 72.11% to US \$15.49 on the first day of public trading for the Las Vegas icon.

Grande Cache Coal (GCE-T) shares' rise by \$0.39 or 4.17% to \$9.74 when the Canadian Minister of Industry approves the company's take over by Winsway Coal Holdings and Marubeni Corp.

The price of Silicon Graphics (SGI-Q) shares' plunge by \$3.27 or 22.72% to US \$1.11 after the company will missed the streets' expectations with its latest quarterly financials, and worse yet, downsizes its projections going forward.

Similarly, the shares of western Union (WU-N) fall by \$1.95 or 9.90% to US \$17.75 when the money transfer company lowers its 2012 profits forecast. (With the fees they charge, we would expect them to project record profits...).

The NASDAQ Exchange gains 12-points to close a new 12-year high of 2,916.

Patrick Henry - "The Constitution is not an instrument for the government to restrain the people; it is an instrument for the people to restrain the government, lest it come to dominate our lives and interest."

Thursday, February 9th -

Wednesday's we're trying to be optimistic mildly positive day of trading leaves the TSX to report an improved 56 new 52-week trading highs to go along with 12 new 52-week trading lows. A few of the interesting new highs include Allied Properties REIT (AP.UN-T) at \$26.39, Boston Pizza Royalties (BPF.UN-T) at \$15.59, Calloway REIT (CWT.UN-T) at \$27.35, Gibson Energy (GEI-T) at \$21.55, lululemon athletica (LLL-T) at \$65.00, Poseidon Concepts (PSN-T) at \$16.05 and Spartan Oil Corp. (STO-T) at \$4.00, while four of the interesting new lows were HBP NASDAQ-100 BEAR+ ETF (HQB-T) at \$5.11, Low Volatility Canadian Equities IF (LOW.UN-T) at \$9.72, Skope Energy (SKL-T) at \$1.00 and Waldron Energy Corp. (WDN-T) at \$0.84.

Wells Capital Management - "There's just a new vacuum. If you just get Greece to come out with anything, you can actually maybe have people move on. If they just came out with some sort of an agreement, that would be a big step forward in dealing with Europe's debt crisis."

Canaccord's Junior Mining Weekly - "Last Week, we ended the first month of the year on a high note with the TSX Venture Index up 11.7% in the month of January. During the same period, gold rallied 11.1%, silver rallied 22.5%, and copper rallied 10.9%. Historically, these would have been phenomenal performances over a 12-month period. Even in today's more volatile markets, these are substantial returns over a one-month period."

The U.S. Labor Department reports their initial jobless claims fell last week to a better than expected 358,000 claimants.

Canadian Prime minister Stephan Harper and Chinese President Hu Jintao sign some 20 bilateral agreements in China worth about \$3-billion in trade between the two northern countries.

The Mining Association of Canada – "The demand for Canada's natural resources is stronger than it has been in many years, driven significantly by China. With almost \$140-billion of capital investment expected in Canada's mining sector over the next 5-years, the agreements will enable continued growth for Canada's markets and more jobs and growth for the industry."

The shareholders' of Diamond Foods (DMND-Q0) are shocked to see their investment plunge by \$13.53 or 36.71% to US \$23.13 when the nut company reports some irregularities in the payments it made to its walnut growers.

Gildan Activewear (GIL-T) shares' gain \$1.71 or 7.72% to \$23.86 when the tee-shirt maker reports better than expected 1st quarter earnings, and better yet, projects a better 2012 to come.

The shares' of Open Range Energy (ONR-T) rise by \$0.19 or 14.84% to \$1.47 when the petroleum explorer gives an encouraging update on its Wilrich, Alberta play.

Greece announces it has agreed to an austerity program to cut debt and help it comply with the eurozone's financial package.

The Dow improves by 7-points to close at a new 3³/₄-year high of 12,890.

The NASDAQ gains 11-points to close at a new 12-year high of 2,927.

Jeffrey Gittomer - "Happiness is inside your head first and everywhere else second. Happiness is a treasure. Your (potentially missed) opportunity is to treasure every moment that you have."

Friday, February 10th, Short Strokes –

Yesterday's mixed day of trading leaves the TSX with 52 new 52-week trading highs and 10 new lows. Some of the notable new highs were Anvil Mining Ltd. (AVM-T) at \$7.94, The Brick Ltd. (BRK-T) at \$3.32, Gibson Energy (GEI-T) at \$20.74, Huntington Capital (HNT-T) \$9.19, Miranda Technologies (MT-T) at \$11.47, Pretium Resources (PVG-T) at \$17.35 and RuggedCom Inc. (RCM-T) at \$33.59, while four of the notable new lows were GLV Inc. (GLV.A-T) at \$3.18, Lipari Energy (LIP-T) at \$0.60, Northstar Aerospace (NAS-T) at \$0.28 and Pacrim International Capital (PCN-T) at \$0.17.

Philadelphia Trust – “The market is very, very tenuous. Austerity is the opposite of growth. Austerity could force Greece into a depression, which would force them back to the table to ask for more aid.”

ConvergEx Group – “We've had a very strong run without a meaningful pullback, and a lot would feel like chumps for buying before we see some kind of dip.”

Less than 2-years since the Gulf of Mexico well blowout and giant British petroleum producer BP (BP-N) announces better than expected 4th quarter financials and better still, that it will raise its dividend.

With what would seem to be a reversal of the perceived increases of the empowered 1% of executives, the Royal Bank of Canada (RY-T) reports that, in spite of recording record profits, its CEO Gordon Dixon had his compensation reduced by 0.9-million in 2011 to just....\$10.1-million. (Well, at least it's a start...)

Eastman Kodak Co. (EKDKQ-Q) reports it will stop making cameras as a part of its restructuring efforts. (Isn't that like Ford stopping to make cars....?)

Under the heading of 'A Little Too Late' - Washington and five major U.S. banks have agreed to a US \$ 25-billion settlement that will see homeowners who lost their homes to foreclosure receive \$2,000 in compensation.

The CBOE Market Volatility Index or VIX gained 2.35 points to cross above 20 and close at much more nervous level of 20.98

Canaccord's Debbie Lewis - “Behind every great man is a great woman telling him he's not as great as he thinks he is.”

For the Week-

The DJIA lost 61-points to 12,801, the S&P 500 lost 2-point to 1,343, the TSX lost 188-points to 12,389, the NASDAQ lost 2-points at 2,904 and the JVX lost 13-points to 1,652.

Gold lost \$9.60 to \$1,720.80, Silver lost \$.07 to \$33.46, Crude Oil gained 1.28 to \$98.86, Natural Gas lost \$0.04 to \$2.48 and Copper down a nickel at \$3.85.

The CRB Commodities Index followed precious and base metals, natural gas and soft commodities lower to lose 2.08-points to end the week at 312.14.

The Canadian dollar lost 0.94-cents against its American counterpart to close the week at US \$0.9974 and the Euro gained 0.30-cents against the greenback to end the week at US \$1.3172.

And Finally -

A survey by Accountemps suggests that you may want to take an enhanced sense of humour to work with you in that they found that nearly three quarters of chief financial felt that an employee's sense of humour was important for fitting into the company's corporate culture. Now, did you hear the one about.....?

Interesting times.....and thanks

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