



The Week of January 7<sup>th</sup> to January 13<sup>th</sup>, 2012  
“A Brief Look Back Into Tomorrow”

Good Afternoon

Following a shortened week that saw the major North American markets move ahead in a tentative nature as investors chose to dwell on better than expected improvement in U.S. economics over the ongoing problems of European debt, as the American dollar surged to multi-week highs while gold bullion tried to form a new base and crude oil edged higher, the weekend media reported that -

As the this year we'll stick with our New Year's resolution investment advisors left for home last Friday, January 6<sup>th</sup>, they were more than pleased that the start of the year was going much better than the end of the last in that for the first week of 2012 the Dow Jones Industrial Average had posted a weekly gain 1.17%, with the S&P 500 Index up on the week of 1.61% and the NASDAQ Exchange ahead on the week by 2.65%. North of the border, the TSX Composite Index also managed a weekly return of 1.95% while the TSX Venture Exchange returned a weekly gain of 2.76%.

A few of the 31 new TSX 52-week trading highs established last Friday were Argonaut Gold (AR-T) at \$7.50, Coastal Energy CEN-T) at \$17.18, Groupe Bikini Village (GBV-T) at \$6.25, High Liner Foods (HLK-T) at \$17.41, Poseidon Concepts (PSN-T) at \$13.96, RuggedCom Inc. (RCM-T) at \$25.05, TAG Oil Ltd. (TAO-T) at 48.50 and Whitecap Resources (WCP-T) at \$8.74, while one of the two new lows of note was Phoscan Chemical (FOS-T) at \$0.28.

RidgeWorth Capital Management - “The slight drop in U.S. unemployment, (from 8.7% to 8.5%), was good news, but it may reflect sluggishness in the labour force growth and it suggests from a policy perspective there is still a lot of work to do.”

Harbor Advisory Corp. - “The news coming out of Europe was negative all week and we finished up, and that's a real good performance in light of the background.”

TD Economics - “We should keep our expectations on a short leash. Risks to the outlook remain tilted to the downside, dominated by a grim European outlook and its potential ripple effects on this side of the Atlantic.”

Infinity Trading - “People are leaning toward the American dollar because of Europe. Solid numbers out of the U.S. helped the dollar gain further.”

Societe Generale SA - “We think gold is bottoming so it should gradually trade higher.”

iitrader.com - "It was a tug-of-war between concerns about Iran, Nigeria and signs of improving U.S. economy supporting oil, and the stronger dollar and worry about the euro zone on the other side."

Notley's Notes- "Secular upturns remain intact for precious metals, petroleum and commodities. Long term yields are bottoming. The structural leadership of the back-end of the market which originated 12-years ago, led by the energy complex, is still intact and is likely to persist for another two cycles. Silver, together with gold, is likely to perform best for the balance of the secular expansion."

Canwel Building Materials (CWX-T), Canfor Corp.(CFP-T) and West Fraser Timber Co. (WFP-T) and other wood products companies had good weeks last week as beneficiaries of an improving U.S. housing market.

Eugene F. Ware - "All glory comes from daring to begin."

And then on Monday, January 9<sup>th</sup> -

The second trading week of 2012 begins with investors anxiously waiting to see if the first week's market gains will carry over to the second.

And they aren't disappointed when Ford Motor Co. (F-N) and General Motors (GM-N) report 2011 Chinese sales gains of 7% and 8.3% respectively.

The U.S. Federal Reserve reports that American Consumer Credit surged in November to a much greater than expected US \$20.4-billion.

Statistics Canada reports the value of building permits fell by a greater than expected 3.6% in December to \$6.1-billion.

**Germany floats a negative 0.01% 6-month treasury bill for the first time ever as Europe's conservative money gives up the idea of any percentage return for surety of just being returned in half a year.**

Canaccord's Junior Mining Weekly - "We are now into the second week of January 2012 - so far so good. We are past the broad effects of the year-end tax loss selling and general purging of portfolios that are common to December trading. Early January is often a period when renewed optimism can drive investors back to the junior mining equities. We continue to believe market sentiment is critical to the performance of junior mining equities...We believe risk tolerance will continue to be an interregal factor in determining junior mining sector market valuations."

Apple Inc. (AAPL-Q) stock acts as though recently passed CEO Steve Jobs was still at the helm as the tech darling's shares price hits another all-time high of US \$427.61 a share.

Perennial transportation underperformer Canadian Pacific Railway (CP-T) has played catch-up to its peers over the past few weeks and touches \$70 on rumours that former Canadian National Railway (CNR-T) boss Hunter Harrison will be joining Canada's second largest railway as its new CEO.

Pretium Resources (PVG-T) shares' rise by \$1.17 or 8.53% to \$14.88 when the British Columbian gold developer reports it will soon be trading on the New York Stock Exchange (NYSE).

The shares' of Netflix (NFLX-Q) gain \$11.89 or 13.78% to US \$98.18 when the internet and mail movie provider reports it will soon be expanding across the pond into Britain and Ireland.

The shareholders' of Silverbirch Energy (SBE-V) are pleased when their investment surges up by \$2.41 or 33.47% to \$9.61 when the Alberta oil sands developer agrees to a friendly \$435-million cash and stock buyout by Canadian mining giant Teck Resources (TCK.B-T).

Vince Gill - "Success is always temporary. When all is said and done, the only thing you'll have left is your character."

### **Tuesday, January 10<sup>th</sup> -**

Monday's mildly positive start to the week leaves Canaccord's Morning Coffee to report 30 new 52-week trading highs and only 5 new lows. Some of the interesting new highs includes Allied Properties REIT (AP.UN-T) at \$25.99, Black Diamond Group (BDI-T) at \$19.50, Crotta Energy (CTA-T) at \$4.10, First Allied Pipes & Power (EWP.UN-T) at \$8.30, Horizons Tactical Bond ETF (HAF.A-T) at \$8.18, Magnotta Winery (MGN-T) at \$2.90 and Pretium Resources (PVG-T) at \$14.88, while two of the new lows of interest were Gold Participation and Income ETF (GPG.UN-T) at \$11.01 and SunOpta (SOY-T) at \$4.27.

Northland Wealth Management - "Things are mixed south of the border and Europe, even if they add money to the system, they're still trying to be austere at the same time, which means you either get slowing or potentially negative growth, which doesn't bode well for the commodity sector."

Statistics Canada reports that new housing starts rose in December to a better than expected annualized 200,200 units.

China reports that its exports for December grew by a lesser 13.4% and its imports grew by a lesser 11.8% over the same month one year ago.

DeeThree Exploration (DTX-T) shares' rise by \$0.27 or 11.11% to \$2.70 when the Alberta petroleum explorer reports encouraging horizontal drill results from a Belly River well of its Brazeau property.

The long suffering shareholders' of Eastman Kodak (EK-TN) are relieved to see their investment rise by \$0.20 or 49.96% to US \$0.60 when the original photographic company announces it will finally eliminate its archaic film group and refocus all of its efforts on its digital technology.

The shares' of lululemon athletica (LLL-T) surge up by \$8.68 or 15.87% to a record high of \$63.37 when the Vancouver, BC yoga wear company reports a good holiday season of sales and better yet, forecasts a stronger quarter to come.

The Wall Street Journal reports that Hostess Brands, the maker of the popular Twinkies snacks, will file for U.S. bankruptcy protection.

**Natural gas falls by \$0.07 to drop below \$3.00 and close at a new 2-year low of US \$2.94 per million British thermal units (mmbtu).**

**The NASDAQ Exchange gains 26-points to once again cross above 2,700 and end the day at 2,703.**

Jack Welch - "You're either the best at what you do, or you don't do it for long."

### **Wednesday, January 11<sup>th</sup> -**

Yesterday's continued market optimism leaves the TSX to report an improved 40 new 52-week trading highs to go along with 15 new trading lows. A mix of the new highs of note include Andrew Peller (ADW.A-T) at \$9.64, Bird Construction Inc. (BDT-T) at \$13.28, Cogeco Cable (CCA-T) at \$54.28, Ecopetrol S.A. (ECP-T) at \$48.88, Gendis Inc. (GDS-T) at \$3.75, Hardwoods Distribution (HWD-T) at \$3.75, K-Bro Linen Inc. (KBL-T) at \$22.99, lululemon athletica (LLL-T) at \$63.37, SXC Health Solutions (SXC-T) at \$63.86 and TransGlobe Apartment REIT (TGA.UN-T) at \$12.19, while five of the new lows if interest were Bennett Environmental (BEV-T) at \$1.57, Century Iron Mines (FER-T) at \$1.63, Lipari Energy (LIP-T) at \$0.61, Open Range Energy (ONR-T) at \$1.40 and TVA Group (TVA.B-T) at \$8.00.

Meridian Equity Partners - "Investors are still focusing on Europe, but not putting as much weight on Europe as they were in November."

Richardson GMP - "What's probably helping the Canadian market is ongoing speculation that we could get some monetary stimulus in china to combat what

appears to be a slowing down there. If you can kick-start china again and get raw-material-inputs demand increasing, it bodes well for commodity prices, which bodes well for the TSX.”

Technical analysts Olaf Sztabe and Ron Meisels - “The TSX Composite entered 2012 in the worst shape of all the North American indices and while Toronto still has a falling 200-day moving average, there is a light at the end of the tunnel, although a lot more base-building will be required before a full reversal.”

Natural resources Canada reports that the value of mineral exploration in Canada reached \$3.8-billion in 2011, double the level spent in 2006.

Crocs (CROX-Q) shares’ gain \$0.77 or 5.18% to US \$14.00 when the colourful shoe company raises its guidance for its 4<sup>th</sup> quarter and full year revenues.

The share price of Hecla Mining (HL-N) drop by \$1.24 or 21.23% to US \$4.60 when the U.S. mine safety and Health Administration (MSHA) instructs America’s senior mining company to close the Silver Shaft of its Lucky Mine in Idaho due to safety concerns.

PC Gold (PKL-T) shares’ gain \$0.13 or 59.09% to \$0.35 when the mineral developer reports more encouraging drill hole gold assays from its historic Pickle Crow project in north western Ontario.

Conversely, the shares’ of St. Elias Mines (SLI-T) tumble by \$0.56 or 39.44% to \$0.86 when this company reports disappointing drill hole gold assays from its Tesoro Gold project in Peru.

Fitch Ratings Agency warns that the euro may not survive without more supportive actions from the European Central Bank.

**And with that the euro falls by 0.68-cents against the U.S. dollar to close a new 16-month low of US \$1.2704**

**Natural gas slips by another \$0.17 or 5.68% to close at a new 2-year low of US \$2.77 /mmbtu.**

Robert F. Kennedy - “Only those who dare to fail greatly - achieve greatly.”

**Thursday, January 12<sup>th</sup>-**

Wednesday’s Fitch induced mixed day of trading leaves the TSX still able to report 45 new 52-week trading highs to go along with 8 new 52-week trading lows. Six of the new highs of note were Aecon Group (ARE-T) at \$11.41, Cdn. Real Estate Investment (REF.UN-T) at \$37.40, Constellation Software (CSU-T) at \$84.36, First Capital Reality (FCR-T) at \$17.75, Huntington Capital (HNT-T) at \$8.40 and

InterRent REIT (IIP.UN-T) at \$3.60, while three of the interesting new lows include Horizons NYMEX Natural Gas ETF (HUN-T) at \$2.97, Perpetual Energy (PMT-T) at \$1.07 and Velan Inc. (VLN-T) at \$11.06.

ICAP Equities - "The U.S. is being looked at clearly as the safe-haven trade, not only on the fixed income side, but now even for equity investors. We keep talking about the same stuff, but it's been that way for 8-months....it's almost like people are immune to it now."

Canadian Finance Minister Jim Flaherty - "There are good signs of moderate growth across the Canadian economy, including in manufacturing - for example, the auto sector in Ontario, which has shown considerable strength in 2011 and is expected to do so again in 2012."

The day starts on a positive note on word that Spain and Italy both sold bond issues that were oversubscribed at lower than previous rates.

The U.S. Commerce Department reports their retail sales rose in December by a less than expected 7-month low of 0.1%.

The U.S. Labor Department reports their initial job claims rose by an unexpected 6-week high of 25,000 last week to 399,000 claimants.

The shares' of Dick's Sporting Goods gain \$4.52 or 12.42% to US \$40.92 when the American retailer reports better than expected 4<sup>th</sup> quarter financials and better yet, a US \$200 -million share buyback.

Guyana Goldfields (GUY-T) shares' ease by \$0.91 or 10.95% to \$7.40 on word that the feasibility study on its aurora project in Guyana would be delayed until the end of February.

The shares' of Quest Rare Minerals (QRM-V) surge up by \$0.66 or 25.68% to \$3.23 when the explorer reports more encouraging drill hole assays from its Strange lake B-Zone project in northeastern Quebec.

The shareholders' of Research In motion (RIM-T) rise by \$0.88 or 5.53% to \$16.80 on rumours that the struggling Blackberry maker was seeking outside guidance in refocusing the company's efforts.

**Near term lumber prices climb by \$0.10 to US \$250.00 / 1,000 sqft.**

**Crude oil falls by \$1.77 to once again fall below \$100 to close at US \$99.10 a barrel.**

**Natural gas drops another \$0.08 to close a new 2-year low of US \$2.70 /mmbtu.**

“Change is life giving. It helps us grow into someone greater than we already are.” - Unknown

**Friday, January 13<sup>th</sup>, Short Strokes –**

Yesterday's Eurozone induced generally upbeat market action leaves the TSX with 41 new 52-week trading highs and 10 new lows. Five of the notable new highs include Killam Properties (KMP-T) at \$11.90, Morguard Corp. (MRC-T) at \$78.01, Pure Energy Services (PSV-T) at \$9.10, Softchoice Corp. (SO-T) at \$10.62 and Whitecap Resources (WCP-T) at \$8.93, while four of the notable new lows were Claymore Natural Gas Commodity ETF (GAS-T) at \$15.37, EnCana corp. (ECA-T) at \$18.10, Waldron Energy Corp. (WDN-T) at \$1.00 and Yukon-Nevada Gold (YNG-T) at \$0.23.

Fiduciary Trust – “ There are significant cross currents. Lower borrowing costs will help in the refinancing that's due in the next few months in the Eurozone in general. In the U.S., yesterday's economic numbers were weaker than expected.”

The last trading day of the week begins on a down note after Reuters reports that Standard & Poor's will be lowering the debt ratings of several eurozone countries later in the afternoon.

The closely watched University of Michigan Consumer Confidence Index rises to a better than expected level of 74.0.

The U.S. Justice Department reports it paid to Whistle Blowers rose by an extra \$140-million in 2011 to US \$532-million as part of their expense of collecting some US \$3.02-billion in claims under their False Claims act.

The U.S. Department of the Interior announces a 20-year ban on any new mining claims on public land surrounding the Grand Canyon, in order to help protect a “priceless American landscape”.

Equifax estimates that the average Canadian's debt load rose by 4.5% in the last quarter of 2011 to just shy of \$6,000 per person.

North Dakota's Oil & Gas Division reports its states crude oil production rose by 42% in the past year to November to 510,000 barrels a day - **more than the current production of OPEC member Ecuador.**

A Bank of Montreal survey finds that 76% of Canadians spent less than what they had expected this Christmas, with the average amount spent being \$1,029.

Similarly, Marketwatch reports that U.S. credit card write-offs fell by 26% in 2011 to 8.4%.

The Globe & Mail reports that orange juice prices have risen by 40% since last September.

JPMorgan Case & Co. (JPM-N) shares' fall by \$0.98 or 2.66% to US \$35.92 when the giant bankers' 4<sup>th</sup> quarter financials fail to meet the street's expectations.

**Natural gas drops by another \$0.06 to close at a new 2-year low of US \$2.68 mmbtu.**

**The euro drops by 1.40-cents against the U.S. dollar to close at a new 16-month low of US \$1.2683**

Canaccord's Debbie Lewis - "I can have any man I please....So far, I haven't pleased any of them."

#### **For the Week so far-**

The DJIA gained 62-points to 12,422, the S&P 500 gained 11-points to 1,289, the TSX gained 42-points to 12,231, the NASDAQ gained 37-points to 2,711, and the JVX gained 10-points to 1,536.

Gold gained \$21.20 to \$1,638.00, Silver gained \$0.95 to \$29.63, Crude Oil lost \$2.30 to \$99.25, Natural Gas lost \$0.42 to \$2.68 and Copper gained \$0.20 to \$3.64.

The CRB Commodities Index followed crude oil, natural gas lower to lose 1.78-points to end the week at 307.70.

The Canadian dollar gained 0.51-cents against its American counterpart to close the week at US \$0.9778 and the Euro lost 0.36-cents against the greenback to end the week at US \$1.2683.

#### **And Finally -**

As you contemplate so early in the year, yet another failed attempt to stick to your New Year's resolutions, keep in mind according to a Kellogg's survey, in spite of the best of intentions - **88% of us fail to keep our New Year's vows.**

Interesting times.....and thanks.

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