



## Market Summary

DOW	17737.88	-169.99	PEYTO ENERGY	30.56	+38	POLARIS	2.34	+10
TSE	14388.18	-68.54	WESTERN FOREST	2.67	-.05	CANADIAN \$	0.8435	-.0016
S&P	20 48.40	-13.74	CATALYST	3.75	+21	EURO	1.1828	+0036
NASDAQ	4699.70	-36.49	CANFOR	29.42	+01	COPPER	2.76	-.01
TSX VENTURE	685.06	-2.42	REDSTAR GOLD	0.05	--	BRENT CRUDE	50.07	-.89
SILVER	16.58	+20	LUMBER	322.60	--	NATURAL GAS	2.95	+02
GOLD	1219.00	+10.50	FIRST MAJESTIC	7.33	+36	PRIME RATE	3.00%	

## Market Commentary

### • Sturdy U.S. employment gains, but wage growth poor and participation rate falls again

U.S. job growth remained brisk in December, setting the economy up for expansion this year, even as the global economy shows signs of buckling. The unemployment rate stands at 5.6%, down from 5.7% as 252,000 jobs were created.

### • Canadian jobs lost, but unemployment virtually unchanged in Dec.

The Canadian economy closed out 2014 by losing 4,300 net jobs in December, a slight dip that left the unemployment rate unchanged at 6.6 per cent, Statistics Canada said Friday. The latest Canadian labour-market survey said the country's gain of 53,500 full-time positions last month was more than offset by a drop of 57,700 part-time jobs.

### • German economy stutters as exports and production drop

German exports fell sharply in November and industrial output also declined, suggesting Europe's largest economy ended 2014 on a weak note.

### • One step forward, one step back as Tesco's debt cut to "junk"

The downgrading of Tesco's debt to "junk" status could limit its negotiating power on potential asset sales as Britain's biggest retailer embarks on the long-awaited recovery plan designed to reverse its sliding fortunes.

### • Santander shares tumble after 7.5 bln euro share sale

Shares in Spain's Santander tumbled more than 10 percent after the bank sold 7.5 billion euros of new shares at a steep discount, aiming to improve its capital strength and fund growth.

### • Nebraska top court approved the XL Pipeline route

The Nebraska case has been one of the hurdles that Obama said needed to be solved

### • Canadian housing starts slow in December

Canada Mortgage and Housing says the pace of new housing construction slowed in December, with fewer multiple-unit and single-family dwellings started. CMHC says the equivalent of 180,560 units were started on a seasonally adjusted basis last month, down from 193,199 in November. CMHC says the number of multiple-unit starts in urban areas fell to 103,054 units in December from 110,766 in November. There was also a decline in urban single-family house construction, which fell to 59,861 units from 62,861.

### • Building permit value drops in Calgary and in Alberta

The value of building permits in the Calgary region and across Alberta dropped in November, according to Statistics Canada. The federal agency reported Friday that permits of \$536.4 million in the Calgary census metropolitan area were down 11.6 per cent from October and off by 17.1 per cent from a year earlier.

Residential permits of \$373.4 million in the region were down 19.9 per cent from the previous month and off by 20.5 per cent from a year earlier. Non-residential permits of \$163 million were up 15.8 per cent month-over-month but down by eight per cent year-over-year.

In Alberta, total building permits of \$1.2 billion were down by 22.6 per cent on a monthly basis and by 10 per cent year-over-year. Residential permits of \$841.3 million were off by 17.5 per cent month-over-month and down 4.1 per cent year-over-year. Non-residential permits of \$420.5 million saw declines of 31 per cent (monthly) and 19.9 per cent (annually).

**Dow and TSX** are weak, North America jobs details and data from Europe hurt investor sentiment, setting shares worldwide for a lower end to the first trading week of the year. Markets will also watch for Canadian building permits and employment change data along with the closely watched U.S. payrolls data. A capital increase and a dividend cut by Spain's Santander pushed **European markets** lower, while **Asian markets** advanced. **Oil** continued its downward trend as Saudi Arabia and its Gulf OPEC allies showed no signs of cutting output. **Gold** advanced, on track for its first weekly gain in four on safe-haven appeal.

## **ANALYSTS' RECOMMENDATION**

- **Baytex Energy Corp** (BTE). Barclays maintained equal weight rating citing company's high-quality assets, strong execution and conservative management, however valuation is likely to suffer in current commodity price environment.
- **Crescent Point Energy Corp** (CPG). Barclays raised rating to overweight from equal weight saying that company offers the best oil-weighted resource potential in our coverage universe, along with strong management and a conservative financial approach.
- **Enerplus Corp** (ERF). Barclays cut rating to equal weight from overweight considering that company continues to impress with its strong financial positioning, conservative guidance and growing resource opportunity.
- **Legacy Oil + Gas Inc** (LEG). Barclays cut rating to underweight from equal weight to factor a drop in crude oil and natural gas prices.
- **Pengrowth Energy Corp** (PGF). Barclays cut price target to C\$3.75 from C\$4.75 stating that with the company's start-up of the first phase of the Lindbergh SAGD project, the company is likely to improve its sustainability and cash flow outlook

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