



## Market Summary

DOW	17353.37	+63.42	PEYTO ENERGY	31.85	--	POLARIS	2.20	--
TSE	14620.77	-16.51	WESTERN FOREST	2.60	+0.02	CANADIAN \$	0.7839	-.0086
S&P	2013.33	-7.83	CATALYST	6.03	+0.29	EURO	1.1318	-.0001
NASDAQ	4674.35	-9.06	CANFOR	30.57	+0.22	COPPER	2.47	+0.02
TSX VENTURE	668.39	+1.28	REDSTAR GOLD	0.035	-0.005	BRENT CRUDE	49.42	+0.29
SILVER	16.90	+0.13	LUMBER	320.40	+1.40	NATURAL GAS	2.67	-.04
GOLD	1261.00	+5.10	FIRST MAJESTIC	7.64	+0.24	PRIME RATE	2.85%	

## Market Commentary

### • Drugmaker Lilly cuts revenue forecast as dollar strengthens

Eli Lilly and Co cut its 2015 revenue forecast, issued earlier this month, as the U.S. drugmaker expects a bigger hit from a stronger dollar.

### • Printer maker Xerox's profit beats street on lower costs

Xerox Corp, best known for its printers and copiers, reported a slightly better-than-expected quarterly profit as expenses declined 4 percent.

### • Visa reports better-than-expected profit

Visa Inc, the world's largest credit and debit card company, reported a better-than-expected quarterly profit on Thursday due to a good holiday season and a strengthening U.S. job market that encouraged people to spend.

### • Canada's economy slumps in November as factories, energy sector hit

Canada's economy contracted in November, as the expected weakness in the energy sector was compounded by a slump in manufacturing output. Statistics Canada reported that gross domestic product shrunk by a seasonally adjusted 0.2 per cent in the month, the weakest performance in nearly a year. Year-over-year growth stood at 1.9 per cent, the slowest since last March, and down significantly from October's 2.3 per cent. The readings were weaker than economists' consensus estimates of flat month-over-month GDP, and year-over-year growth of 2.1 per cent.

### • U.S. economy cools in fourth quarter, but consumer spending shines

U.S. economic growth slowed sharply in the fourth quarter as weak business spending and a wider trade deficit offset the fastest pace of consumer spending since 2006. Gross domestic product expanded at a 2.6 per cent annual pace after the third quarter's spectacular 5 per cent rate, the Commerce Department said in its first fourth-quarter GDP snapshot on Friday. The slowdown, which follows two back-to-back quarters of bullish growth, is likely to be short-lived given the enormous tailwind from lower gasoline prices. Most economists believe fundamentals in the United States are strong enough to cushion the blow on growth from weakening overseas economies.

### • University of Michigan consumer sentiment report came in at the highest since 2004 98.1 versus 93.6 last month

TSX opened sharply lower but quickly recovered as data on the country's economic growth in November is digested. The weak news added to expectations of more rate cuts and thus the Lonnie fell further. **U.S. stock indexes** pointed lower at the open also as investors digest economic data of the fourth-quarter growth. **European markets** were lower on dismal euro zone inflation data, and most **Asian shares** closed in the red. The **U.S. dollar** was on track for its best run since it was floated in 1971, notching up a seventh straight month of gains. **Oil** gained, supported by renewed violence in Iraq and **gold** edged higher.

• **Canadian Oil Sands Ltd (COS)**. The company slashed its dividend and further reduced 2015 capital spending on Thursday as fourth-quarter profit dropped 87 percent due to lower oil prices. The company cut its dividend to 5 Canadian cents a share for the first quarter of 2015, down from 20 Canadian cents. Net income in the quarter was C\$25 million, or 5 Canadian cents per share, down from C\$192 million, or 40 Canadian cents, in the year-prior quarter. The company plans to further reduce its capital budget to C\$451 million, down from C\$564 million announced in December and sharply lower than the estimated C\$1.1 billion spent in 2014. The shares open sharply lower only to quickly recover and be up 25% from the session low.

• **Valeant Pharmaceuticals International Inc (VRX)**. Bankrupt drugmaker Dendreon Corp has reached a stalking-horse deal with the Canadian company to sell the worldwide rights to its cancer vaccine, Provenge, and certain assets for \$296 million. The deal is subject to higher and better bids and extended the bid deadline to Feb. 10 for interested parties to participate in an auction, Dendreon said on Thursday.

• **Canadian Imperial Bank of Commerce (CM)**. The company is trimming its workforce as part of a realignment of its resources to help boost efficiency, the country's fifth-biggest lender said on Thursday. It did not mention the number of job losses nor the departments affected in an emailed statement. A source familiar with the matter said the cuts would roughly total 500. CIBC said it would be a net recruiter in 2015 with plans to add 5,000 employees in the next year, it said.

#### **ANALYSTS' RECOMMENDATION**

- **Altagas Ltd (ALA)**. CIBC cut target price to C\$49.50 from C\$57 stating that company's delayed start-up significantly reduces first mover advantage in attracting offtaker agreements.
- **Canadian Oil Sands Ltd (COS)**. RBC cut price target to C\$10 from C\$11 saying that company's fourth-quarter synthetic oil sales and oil realizations were similar to analyst expectations.
- **Rogers Communications Inc (RCIb)**. CIBC raised target price to C\$46 from C\$44 citing company's fourth-quarter results that came in ahead for each of revenues, EBITDA, and EPS , led by better-than-expected Wireless and Media.

Morning Newsletter data source courtesy of



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