



Market Summary

DOW	17924.04	+62.80	PEYTO ENERGY	35.87	+53	POLARIS	2.30	-.05
TSE	15143.91	-7.59	WESTERN FOREST	2.69	+03	CANADIAN \$	0.8015	+0098
S&P	2076.54	+8.01	CATALYST	7.49	--	EURO	1.11382	+0052
NASDAQ	4835.23	+34.05	CANFOR	31.45	+36	COPPER	2.59	+05
TSX VENTURE	692.29	+2.07	REDSTAR GOLD	0.035	--	BRENT CRUDE	56.55	+1.89
SILVER	16.86	+1.10	LUMBER	313.80	--	NATURAL GAS	2.80	+01
GOLD	1225.50	+5.90	FIRST MAJESTIC	7.41	-15	PRIME RATE	2.85%	

Market Commentary

• Ceasefire agreed for eastern Ukraine after Minsk summit

The leaders of Germany, France, Russia and Ukraine have agreed a deal to end fighting in eastern Ukraine, participants at the summit talks said.

• Another Disappointing US Retail Sales Report

Sales at U.S. retailers fell more than forecast in January, reflecting smaller receipts at gasoline stations and declines at clothing and sporting goods stores. The 0.8 percent drop followed a 0.9 percent decrease in the prior month, median forecast of economists surveyed by Bloomberg called for a 0.4 percent decline. Sales excluding gasoline were little changed. The back-to-back declines indicate consumer spending, the biggest part of the economy, may be cooling after the strongest quarter since 2006. At the same time, faster job growth and cheaper fuel signal household purchases will keep underpinning the U.S. expansion.

Tracking gains in **European markets**, **TSX** started higher but eventually slid back, energy shares are higher meanwhile financials and gold stocks are weak. The Swedish central bank surprised markets by injecting an aggressive monetary stimulus and cutting interest rates below zero. Major companies reporting results later in the day include Agnico Eagle Mines and Fairfax Financial Holdings. New housing price index for December is on the economic calendar. **U.S. stock index futures** rose and **Asian shares** closed higher. The Swedish crown hit a six-year low against the **U.S. dollar**. **Brent** gained as industry spending cuts offset over-supply and **gold** edged higher.

• **Agnico Eagle Mines Ltd (AEM)**. The gold miner reported higher-than-expected adjusted earnings in the fourth quarter boosted by increased production. It said earnings adjusted for various non-recurring items were \$16.6 million, or 8 cents a share, in the three months. That was ahead of the 5 cents a share that analysts were expecting. On a net basis, the company reported a fourth-quarter net loss of \$21.3 million, or 10 cents a share.

• **Bombardier Inc (BBD)**. The company named a former **United Technologies Corp (UTX)** Executive as CEO, and reported a quarterly loss due to a \$1.4 billion charge related to its decision to suspend its Learjet 85 business aircraft program. The Canadian plane and train manufacturer said Alain Bellemare would replace Pierre Beaudoin, who is stepping down as president and chief executive officer. Bombardier posted net loss of \$1.59 billion, or 92 cents per share, in the fourth quarter, compared with a profit of \$97 million, or 5 cents per share, a year ago. Revenue rose 12 percent to \$5.96 billion. Excluding the charge related to Learjet, the company earned 4 cents per share, compared with analysts' average estimate of 2 cents.

• **Cenovus Energy Inc (CVE)**. The oil producer, said it would cut 15 percent jobs and reported a much bigger quarterly loss, hurt by weak oil prices. Net loss ballooned to C\$472 million, or 62 Canadian cents per share, in the fourth quarter, from C\$58 million, or 8 Canadian cents per share, a year earlier. The company reported an operating loss, which excludes most one-time items, of C\$590 million, or 78 Canadian cents per share.

• **Home Capital Group Inc (HCG)**. The mortgage lender posted a 39 percent rise in fourth-quarter profit on Wednesday, as it upped its dividend by 10 percent. It had net income of C\$95.9 million in the quarter, or C\$1.36 a share, up from C\$68.8 million, or 98 Canadian cents a share in the year-ago period. On an adjusted basis it earned C\$1.04 a share. Analysts had on average expected earnings of C\$1.16 a share.

• **Manulife Financial Corp (MFC)**. The insurer reported a weaker-than-expected fourth-quarter profit and warned macroeconomic factors like low interest rates would produce "headwinds" in 2015. Its common shareholders' net income fell to C\$612 million, or 33 Canadian cents a share, in the quarter, from C\$1.26 billion, or 68 Canadian cents a share, a year earlier. Its core earnings were 36 Canadian cents per common share. Analysts on average had expected Manulife to earn 41

Canadian cents a share.

- **Precision Drilling Corp (PD)**. The company reported a loss for the fourth quarter as demand for its rigs declined, a knock-on effect of low oil prices. The drilling contractor posted a loss of C\$114 million, or 39 Canadian cents per share, for the quarter, compared with a profit of C\$67.9 million, or 24 Canadian cents per share, a year earlier.
- **Sherritt International Corp (S)**. The nickel miner reported a bigger quarterly loss, mainly due to charges related to the impairment of some assets in the North Sea. The net loss from continuing operations was C\$147.7 million, or 50 Canadian cents per share, in the quarter, compared with C\$142.6 million, or 48 Canadian cents per share, a year earlier. On an adjusted basis, net loss from continuing operations was 27 Canadian cents per share.
- **Sun Life Financial (SLF)**. The insurer reported a much weaker-than-expected fourth-quarter profit on Wednesday, hurt by disappointing earnings from its U.S. group life and disability operations, but said it was on track to exceed its 2015 earnings target. Net income declined to C\$502 million, or 81 Canadian cents a share, in the quarter. But underlying net income was 59 Canadian cents a share, far below analysts expectations of 78 Canadian cents.
- **Teck Resources (TCKb)**. The company's quarterly profit nearly halved due to weak coal prices and a decline in copper sales and prices. Net profit attributable to shareholders fell to C\$129 million, or 23 Can. cents per share, in the fourth quarter from C\$232 million, or 40 Canadian cents per share, a year ago. Revenue at Teck fell 5 percent to about C\$2.26 billion.
- **Telus Corp (T)**. The company reported an 8 percent rise in quarterly profit as rising smartphone adoption and the expansion of LTE network boosted revenue in its wireless business. Revenue rose 8 percent to C\$1.55 billion in the wireless business while it rose 1.5 percent to C\$1.38 billion in the wireline business, which includes TV and high-speed Internet. The company said it expected 2015 basic earnings of C\$2.40-C\$2.60 per share, up from C\$2.31 it earned in 2014. The company's net income rose to C\$312 million, or 51 Canadian cents per share, for the fourth quarter from C\$290 million, or 46 Canadian cents per share, a year earlier.
- **Yamana Gold Inc (YRI)**. The gold miner reported a fourth-quarter loss on Wednesday that was not expected by the market after writing down the value of mines in Brazil and Chile the second quarter in a row of charges at its South American mines. It also forecast a 9 percent increase in gold production to 1.3 million ounces in 2015. It reported an adjusted fourth-quarter loss from continuing operations of \$16.2 million, or 2 cent a share, compared with earnings of \$36.8 million, or 5 cents a share, in the year-ago quarter. Analysts expected the company to report earnings of 2.7 cents a share. Its net loss from continuing operations was \$299.5 million, or 35 cents a diluted share.
- **Shaw Communications Inc (SJRb)**. The company said on Wednesday it will shut customer care facilities in its Alberta stronghold while beefing up facilities elsewhere, and offered 1,600 workers C\$7,500 each to follow their jobs. The company said it would close a customer service center in its hometown by next year and another in Edmonton, Alberta, in June. It will also close parts of its Kelowna, British Columbia, facility as well as six stores that are being swallowed by nearby locations.
- **TransCanada Corp (TRP)**. The Republican-led Congress gave final passage on Wednesday to a bill to approve the long-pending TransCanada's Keystone XL pipeline, a measure that next goes to President Barack Obama, who has vowed to veto it. The bill passed by 270-152 in the House of Representatives, with only one Republican voting against it and 29 Democrats for it. Keystone supporters in the Senate are at least four votes shy of the two-thirds vote needed to override an Obama veto.

ANALYSTS' RECOMMENDATION

- **Air Canada (AC)**. CIBC raised price target by C\$1 to C\$17.50 stating that company has been able to maintain its leverage ratio target even while it ramps up its capex as it takes on new planes.
- **Boardwalk REIT (BEI_u)**. Canaccord Genuity cut target price to C\$60 from C\$66 saying that lower oil prices will negatively impacted due to significant exposure to Western Canadian markets.
- **Mainstreet Equity Corp (MEQ)**. Canaccord Genuity cut target price to C\$42.50 from C\$45 considering that company is not immune to weakening rental apartment fundamentals.
- **Thomson Reuters Corp (TRI)**. Canaccord Genuity raised target price to \$39 from \$38 citing company's positive net sales in the fourth quarter.

Morning Newsletter data source courtesy of



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