



Market Summary

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|-------------|----------|--------|----------------|--------|-------|-------------|--------|--------|
| DOW | 16560.48 | +27.42 | PEYTO ENERGY | 37.66 | -.01 | POLARIS | 2.78 | -- |
| TSE | 14720.45 | +70.59 | WESTERN FOREST | 2.32 | -.02 | CANADIAN \$ | 0.9179 | +.0015 |
| S&P | 1895.52 | +7.49 | CATALYST | 2.97 | -- | EURO | 1.3648 | -.0038 |
| NASDAQ | 4161.05 | +29.51 | CANFOR | 24.67 | +0.11 | COPPER | 3.14 | +.02 |
| TSX VENTURE | 977.44 | +3.33 | REDSTAR GOLD | 0.055 | -- | CRUDE OIL | 103.64 | -.43 |
| SILVER | 19.50 | +.17 | LUMBER | 314.80 | -4.80 | NATURAL GAS | 4.37 | -.11 |
| GOLD | 1295.30 | +7.00 | TIM HORTON'S | 59.13 | +.05 | PRIME RATE | 3.00% | |

Market Commentary

- **Fed begins policy exit talks, split on view of U.S. job market**

Federal Reserve policymakers last month began laying groundwork for an eventual retreat from easy monetary policy with a discussion of how to best control interest rates as they remove trillions of dollars from the financial system.

- **China, Japan factory output improves, but still contracting**

China's factory sector turned in its best performance this year in May but still contracted for the fifth straight month, a survey showed, with divergent signals on exports and jobs pointing to an uncertain outlook for the economy.

- **May US Market manufacturing PMI 56.2 vs 55.5 exp**

- **US housing data** slightly below expectations

Sales Rose 1.3% in April over March with 4.65 million homes vs. Expectations of 4.69 million

- **US initial jobless claims to 326,000 vs, expectations of 310,000**

- **March Canadian retail sales came in down 0.1% vs. Forecasts of a 0.3% rise**

TSX opened higher on good bank earnings, gold rising and buoyed by firmer Chinese factory data and minutes from the recent Federal Reserve meeting that suggested the U.S. Central Bank will maintain some monetary support for the world's largest economy. The TSX rose further after the release of the US PMI data. **U.S. stock indexes** were weak ahead of data but rose slightly after PMI & housing data was release. **Asian shares** were broadly higher. **European stocks** were mixed after underwhelming factory activity outweighed an unexpected pickup in services industry. The **yen** eased against the **dollar** and edged away from a 3-1/2-month high. **Brent** steadied near a 2-1/2-month high and **gold** edged up.

- **Royal Bank of Canada (RY)**. The bank reported a 15 percent rise in quarterly profit, driven by strong domestic lending volumes and capital markets revenue. The company said it had earned C\$2.2 billion, or C\$1.47 a share, in the second quarter, up from C\$1.9 billion, or C\$1.25 a share, a year earlier.

- **Toronto-Dominion Bank (TD)**. The bank said that its quarterly profit rose 16 percent on the back of strong Canadian and U.S. retail lending. It earned C\$1.99 billion, or C\$1.04 a share, in the second quarter, compared with C\$1.72 billion, or 89 Canadian cents a share, a year earlier. Excluding items it earned C\$1.09 per share.

ANALYSTS' RECOMMENDATIONS

- **Canaccord Genuity (CF)**. CIBC raises target price to C\$10.50 from C\$9 anticipating solid earnings with fourth-quarter results

- **First Quantum (FM)**. HSBC starts with rating underweight and target price of C\$20.60 stating that risk versus reward now skewed to downside

- **Seabridge Gold Inc (SEA)**. Canaccord Genuity starts with rating speculative buy and a target price of C\$13.50 saying that the investment case for the company is improving

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