



## Market Summary

DOW	16617.63	-262.73	PEYTO ENERGY	36.86	+.01	POLARIS	2.56	-.01
TSE	15334.14	-190.68	WESTERN FOREST	2.32	+.06	CANADIAN \$	0.9177	+.0006
S&P	1939.44	-30.63	CATALYST	2.00	+.05	EURO	1.3391	-.0005
NASDAQ	4378.28	-84.62	CANFOR	23.24	-.11	COPPER	3.23	-.01
TSX VENTURE	1000.07	-11.03	REDSTAR GOLD	0.05	--	CRUDE OIL	98.03	-2.24
SILVER	20.45	-.15	LUMBER	324.40	+2.10	NATURAL GAS	3.84	+.06
GOLD	1284.50	-12.40	TIM HORTON'S	60.76	-.14	PRIME RATE	3.00%	

## Market Commentary

### • Canada's economic growth stronger than expected in May

Canada's economy grew more than expected in May, expanding for a fifth consecutive month, but most likely not enough to persuade the Bank of Canada to raise interest rates.

Statistics Canada said on Thursday that gross domestic product (GDP) grew by 0.4 per cent in May from April, more than the 0.3 per cent forecast by market analysts. Year-over-year growth was 2.3 per cent in May, up from 2.1 per cent in April.

Canada's economy has grown sluggishly in recent months and the Bank of Canada – which has kept interest rates at near record lows since September 2010 – says there is no chance it will alter its neutral policy stance and opt for a rate hike until it sees evidence of sustained growth and higher inflation. Central bank Governor Stephen Poloz said earlier this month the economy did not yet have enough steam to grow without the bank's help and said it could just as easily cut rates as raise them.

**Canadian stocks** open lower despite the country's growth figures. The economy was expected to grow by 0.3 percent in May but rose 0.4%. **U.S. stock index futures** were sharply lower, after Argentina defaulted for the second time in 12 years, raising concerns the country's weakness could spread to the region. Jobs data and the impact of Russian sanctions also adding to reason for investors to take some of the table today. **European shares** slipped led by Adidas and **Asian markets** were broadly lower on profit-booking after making hefty gains since the middle of this month. The **dollar** steadied near 10-month highs against a basket of currencies. **Brent** slipped at first then fell hard and **gold** edged lower and lower.

### • Western Forest Products reports a strong quarter

Western Forest Products Inc. is releasing results for the second quarter of 2014, with adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) of \$40.9-million, compared with adjusted EBITDA of \$32.8-million for the first quarter of 2014, and \$44.9-million for the second quarter of 2013.

The company had revenue of \$296.2-million for the second quarter of 2014, compared with \$246.0-million for the first quarter of 2014, and \$262.3-million for the second quarter of 2013.

Second quarter 2014 highlights:

- Adjusted EBITDA of \$40.9-million, an improvement of \$8.1-million compared with the first quarter 2014 result and \$4.0-million lower than the record second quarter 2013 result;
- Lumber revenue improved by 15 per cent over the same period last year, led by higher sales volumes, improved pricing for key products and a favourable exchange rate;
- Mill productivity levels increased 4 per cent over the same period last year.

• **Agnico Eagle Mines Ltd (AEM)**. The gold producer reported a second-quarter profit on Wednesday compared with a loss a year earlier, as gold production jumped and costs improved. Agnico reported earnings of \$37.7 million, or 20 cents a share, compared with a loss of \$24.4 million, or 14 cents, a year earlier. Revenue rose to \$437.8 million from \$336.4 million.

• **ARC Resources Ltd (ARX)**. The company posted funds from operations of 93 Canadian cents per share for the second quarter compared with 65 Canadian cents per share in the comparable quarter a year earlier.

• **Barrick Gold Corp (ABX)**. The company lowered its full-year cost forecast on Wednesday and again trimmed capital spending as the gold producer works to rein in costs that soared industry-wide between 2008 and 2012, when bullion was rising. The company cut its 2014 capital expenditure guidance range by \$200 million, to between \$2.2 billion and \$2.5 billion. It reported slightly weaker-than-expected adjusted net earnings, which fell to \$159 million, or 14 cents a share in the second-quarter. Analysts expected the company to earn 15.9 cents a share.

- **Bombardier Inc** (BBD). The company reported a slightly higher-than-expected second-quarter profit, boosted by higher sales of planes and trains. Net income fell 14 percent to \$155 million, or 8 cents per share, in the quarter. On an adjusted basis, Bombardier earned 10 cents per share. Total revenue rose 10.4 percent to \$4.89 billion. Separately, the company's unexpected aerospace restructuring announcement last week casts an uncomfortable light on the division's ongoing struggles, with credit rating firms uncertain about its longer term prospects.
- **First Quantum Minerals Ltd** (FM). The base metal miner reported higher second quarter earnings on Wednesday as copper sales increased, but the result was slightly below analysts' expectations. Earnings rose to \$133.6 million, or 23 cents a share, from \$71.9 million, or 12 cents, a year earlier. Analysts, on average, had expected earnings of 26 cents a share.
- **Gildan Activewear Inc** (GIL). The company reported third-quarter net income of 95 cents per share on sales of \$693.8 million.
- **Goldcorp Inc** (G). The company reported a stronger second-quarter profit as higher gold and silver sales and lower production costs offset the impact of lower bullion prices. The miner said adjusted earnings rose to \$164 million, or 20 cents a share, from \$117 million, or 14 cents a share, a year earlier.
- **Kinross Gold Corp** (K). The gold miner on Wednesday reported its adjusted earnings fell by more than two thirds in the second quarter, hurt by lower average gold prices, and said it could restart mining at La Coipa in Chile. Excluding items, adjusted earnings fell to \$32.9 million, or 3 cents a share, from \$119.5 million, or 10 cents a share, a year ago. Analysts had expected earnings of 5 cents a share.
- **Lundin Mining Corp** (LUN). The company posted a second quarter earnings of 7 cents per share compared with 3 cents per share in the same quarter a year earlier. Sales was \$191.8 million during the period.
- **Open Text Corp** (OTC). The business software maker reported a better-than-expected 42 percent jump in quarterly revenue, largely driven by higher demand for its cloud services. Its revenue rose to \$494 million in the fourth quarter from \$347.3 million a year earlier. It reported an adjusted profit of \$1.05 per share. Analysts had expected profit of 94 cents per share on revenue of \$480.2 million. The company said it appointed John Doolittle as Chief Financial Officer, effective Sept. 8.
- **Suncor Energy Inc** (SU). The oil and gas company said on Wednesday its second-quarter profit fell 69 percent as it took a substantial charge to account for a delayed oil sands mining project. The company reported net income of C\$211 million, or 14 Canadian cents per share, down from C\$680 million, or 45 Canadian cents, in the second quarter of 2013. Adjusted earnings rose 18 percent to C\$1.14 billion, or 77 Canadian cents per share.
- **Valeant Pharmaceuticals International Inc** (VRX). The company said net income rose nearly 12-fold, boosted by strong sales at its Bausch & Lomb lens business. Net income rose to \$125.8 million, or 37 cents per share, in the second quarter from \$10.8 million, or 3 cents per share, a year earlier. Total revenue jumped to \$2.04 billion from \$1.09 billion.
- **Yamana Gold** (YRI). The gold miner reported higher-than-expected second-quarter earnings on Wednesday, helped by higher production and lower costs. Adjusted earnings came in at \$43.3 million, or 5 cents a share, down from \$50.2 million, or 7 cents a share, in the second quarter of 2013. But the earnings beat analysts' estimates of 4 cents a share.
- **BlackBerry Ltd** (BB). The German government will not raise any objections to the company's planned acquisition of Secusmart, whose encryption technology protects the devices of government officials including Angela Merkel, Hans-Christoph Quelle, managing director of Secusmart said.

## ANALYSTS' RECOMMENDATIONS

- **Agnico Eagle Mines Ltd** (AEM). BMO cuts rating to market perform from outperform, says recent strong relative outperformance and premium valuation of the stock currently outweigh the appeal of relatively low geopolitical risk and well-regarded management
- **Detour Gold Corp** (DGC). Credit Suisse cuts target price to C\$14.50 from C\$16; rating neutral, says cash flow is unlikely to materially improve until 2017
- **Hudbay Minerals Inc** (HBM). CIBC raises price target to C\$13 from C\$11; rating sector performer after including the Rosemont project into valuation with the acquisition of Augusta now closed
- **Meg Energy Corp** (MEG). National Bank Financial raises target price to C\$51 from C\$49; rating outperform, cites strong second-quarter results and revised guidance

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