



Market Summary

DOW	16546.19	-17.11	PEYTO ENERGY	36.51	-.14	POLARIS	2.55	--
TSE	15312.45	-18029	WESTERN FOREST	2.33	+.03	CANADIAN \$	0.9171	+.0004
S&P	1934.96	+4.29	CATALYST	2.02	--	EURO	1.3514	+.0027
NASDAQ	4367.20	-2.57	CANFOR	23.00	-.09	COPPER	3.24	--
TSX VENTURE	1001.82	+0.30	REDSTAR GOLD	0.05	--	CRUDE OIL	97.39	-.78
SILVER	20.53	+.11	LUMBER	326.50	--	NATURAL GAS	3.84	+.01
GOLD	1295.40	+12.60	TIM HORTON'S	60.71	-.20	PRIME RATE	3.00%	

Market Commentary

• U.S. economy adds 209,000 jobs, unemployment rate rises to 6.2%

U.S. payrolls increased by 209,000 in July, a solid reading that extends the steadiest period of job creation since the end of the recession. American employers now have added more than 200,000 jobs for six consecutive months, arguably the most impressive string of gains since 2006. The unemployment rate, which the Labor Department derives from a separate survey of households, rose to 6.2 per cent from 6.1 per cent in June. The Wall Street consensus estimate was for an increase in non-farm payrolls of 230,000 and a jobless rate of 6.1 per cent. The June increase in hiring was revised to 298,000 from 288,000 and the May reading was changed to 229,000 from 244,000.

• Canadian Manufacturing PMI™ hits eight-month high in July

Canadian manufacturers experienced a further improvement in overall business conditions during July, according to the RBC Canadian Manufacturing *Purchasing Managers' Index*™ (RBCPMI™), driven by faster rises in output, new orders and employment at the start of the third quarter. Meanwhile, input cost inflation continued to moderate, which in turn contributed to the slowest rise in manufacturers' output charges so far this year. A monthly survey, conducted in association with Markit, a leading global financial information services company, and the Supply Chain Management Association (SCMA), the RBC PMI offers a comprehensive and early indicator of trends in the Canadian manufacturing sector.

• Euro zone factory growth eases in July as inflation fades away

Euro zone manufacturing growth failed to accelerate as expected last month despite factories barely raising prices, as growing tensions in Ukraine weighed on sentiment, a survey showed.

TSX opened mixed as investors digest the key U.S. jobs report and its implications on Federal Reserve's interest rate policy and the August data for Canadian manufacturing PMI. **U.S. stock indexes** were indicated to open sharply lower but after the jobs data the losses were paired. **Global markets** traded lower, hit by weak euro zone manufacturing data and downbeat corporate updates. The **dollar** steadied around 10-month highs against a basket of currencies, on track to record a third week of gains. **Brent** fell on oversupply in the Atlantic basin and low demand, while **gold** is higher on the jobs report.

STOCKS TO WATCH

• WESTERN REACHES AGREEMENT WITH UNITED STEELWORKERS UNION

A new five-year labour contract with the United Steelworkers Union has been ratified by a majority of union members. Approximately 1,500 Western Forest Products Inc. employees are covered under this new collective agreement that expires on June 15, 2019. The previous agreement had expired on June 15, 2014.

• **Bonavista Energy Corp** (BNP). The company reported funds from operations of 67 Canadian cents per share in its second quarter, compared with 63 Canadian cents per share in the year-ago quarter.

• **Canadian Oil Sands Ltd** (COS). The company said on Thursday second-quarter profit fell by a one-fifth on lower production and higher government payments. Net income fell 20 percent to C\$176 million, or 36 Canadian cents per share, from C\$219 million, or 45 Canadian cents.

• **Canyon Services Group Inc** (FRC). The company announced a second quarter loss of 24 Canadian cents per share compared with a loss of 28 Canadian cents per share in the year-ago quarter. Revenue was C\$60.3 million during the period.

• **Catamaran Corp** (CCT). The company reported a second-quarter net income of 54 cents per share on revenue of \$5.4 billion.

• **Constellation Software Inc** (CSU). The company announced net income of \$3.07 per share for the second quarter on revenue of \$416 million.

• **Eldorado Gold Corp** (ELD). The company reported second-quarter net income of 5 cents per share compared with 6 cents per share, a year earlier. Revenue came in at \$265 million.

- **Enbridge Inc (ENB).** The pipeline company reported a better-than-expected profit in the second quarter, driven mainly by higher shipment volumes on the Canadian Mainline system. Its adjusted earnings rose to C\$328 million or 40 Canadian cents per share from C\$306 million, or 38 Canadian cents, a year earlier. Analysts were expecting a profit of 39 Canadian cents per share.
- **Fairfax Financial Holdings (FFH).** The company said on Thursday it rebounded to profit in the second quarter from a year-earlier loss due to gains in its investment portfolio and stronger underwriting results. It earned \$363.7 million, or \$16.15 a share compared with a year-before loss of \$157.8 million, or \$8.55 a share.
- **INTERFOR CORPORATION (TSX:IFP)**
Reported second quarter net earnings of \$21.6 million or \$0.32 per share and EBITDA⁽¹⁾ of \$47.3 million, excluding the impact of one-time items including the restructuring and impairment charges related to the permanent closure of its Beaver-Forks operation announced today. Inclusive of these charges, net earnings were \$7.4 million or \$0.11 per share.
- **Mercer International Inc (MRlu).** The company posted second-quarter net income of 1 cent per share compared with a net loss of 23 cents per share in the year-ago quarter.
- **Nevsun Resources Ltd (NSU).** The company announced a second-quarter earnings of 15 cents per share on revenue of \$169.2 million.
- **Sierra Wireless Inc (SW).** The company posted earnings of 8 cents per share for the second quarter, compared with 3 cents per share, a year earlier.
- **Westport Innovations Inc (WPT).** The company reported a second-quarter loss 56 cents per share compared with a net loss of 61 cents per share, a year earlier. Revenue was \$40 million during the period.

ANALYSTS' RECOMMENDATIONS

- **Alamos Gold Inc (AGI).** BMO cuts price target to C\$14.50 from C\$15.25 to reflect the lower metal prices since the last update
- **Gildan Activewear Inc (GIL).** National Bank Financial raises target price to C\$72 from C\$70 to reflect a shift in valuation period and says that the long-term opportunity remains strong, supported by strength in the branded segment
- **Maple Leaf Foods Inc (MFI).** CIBC cuts rating to sector performer from sector outperformer, cites operational challenges and Q2 cash burn due to a permanent step-up in working capital
- **Suncor Energy Inc (SU).** National Bank Financial raises target price to C\$54 from C\$50, says capital discipline drives budget reduction and supports 22 percent dividend increase

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