



## Market Summary

DOW	16838.25	-153.66	PEYTO ENERGY	34.24	-.17	POLARIS	1.99	--
TSE	14671.92	-71.20	WESTERN FOREST	2.20	-.01	CANADIAN \$	0.8954	-.0027
S&P	1953.33	-11.49	CATALYST	2.55	--	EURO	1.2641	-.80
NASDAQ	4415.44	-39.36	CANFOR	25.40	-.01	COPPER	3.03	-.01
TSX VENTURE	864.77	-3.21	REDSTAR GOLD	0.045	--	CRUDE OIL	89.54	-.80
SILVER	17.26	+0.05	LUMBER	350.20	--	NATURAL GAS	3.92	+0.02
GOLD	1211.00	+3.70	TIM HORTON'S	88.23	+0.08	PRIME RATE	3.00%	

## Market Commentary

### • Rio Tinto rejects Glencore merger approach amid iron ore slump

Rio Tinto rejected a merger approach from smaller rival Glencore Plc to create a \$160 billion mining and trading giant in August just as the price of its most profitable product, iron ore, slid toward a five-year low.

### • Europe may kill rule that would label Canada's oil sands crude dirty

The new proposal abandons one obstacle to Canada shipping crude from tar sands to Europe and is likely to draw strong criticism from environmental campaigners and Green politicians. It is suggested in a revised draft law on how refiners report the carbon intensity of the fuel they supply. The debate about labelling tar sands, also known as oil sands, dates back to 2009 when EU member states approved legislation with the aim of cutting greenhouse gases from transport fuel sold in Europe by 6 per cent by 2020, but failed to agree how to implement it.

### • German August industry output plunges most in 5-1/2 years

German industrial output fell far more than expected in August and posted its biggest drop since the financial crisis in early 2009, Economy Ministry data showed, the latest figures to raise question marks about Europe's largest economy.

### • BOJ'S Kuroda pledges prolonged stimulus but signals no immediate action

Bank of Japan Governor Haruhiko Kuroda stressed his resolve to maintain massive stimulus for a prolonged period but shrugged off the need to expand it soon, remaining upbeat on the outlook despite signs the economy may be in a mild recession.

### • IMF cuts economic growth outlook, citing 'uneven global recovery'

The IMF acknowledged that there are limits to the United States' ability to power the world economy on its own. The U.S.'s gross domestic product will expand 2.2 per cent in 2014, a remarkable achievement given U.S. GDP contracted in the first quarter. The forecast is a half percentage point higher than it was when the fund last updated its estimates in July, making a memory of the harsh winter that momentarily killed the U.S.'s economic momentum. But the global economy no longer is a single-engine plane and the other motors are troubled. Economic growth in China remains strong, but it's slowing, and the IMF is worried the real estate market could crash. The bigger problems are in Europe and Japan, where demand is so weak that deflation remains a serious threat in both places. The result: too little momentum to outweigh an array of uncertainties, including Ukraine's conflict with Russia and the international fight against the terror group Islamic State in Syria and Iraq. "An uneven global recovery continues," the IMF. Canada is among a group of advanced economies along with Britain, Norway and some others that the IMF characterized as "solid." The IMF raised its outlook for Canada's GDP growth this year to 2.3 per cent and in 2015 to 2.4 per cent, from 2.2 per cent and 2.3 per cent, respectively.

TSX pointed lower as a second day of weak German data raised worries about health of the euro zone. Canadian building permits is on the economic calendar. **U.S. stock indexes** pointed lower also, tracking **European** and **Asian** markets. The **yen** advanced against major currencies after Bank of Japan kept its monetary policy unchanged. **Gold** was trading down though it turned higher, holding its position above \$1,200 an ounce and **oil** traded lower.

• **Lundin Mining Corp** (LUN). The company will buy Freeport-McMoRan Inc's 80 percent stake in the Candelaria copper mining operation in Chile for at least \$1.8 billion, more than doubling its copper output. Lundin is financing the cash acquisition in part by selling a stream of 68 percent of Candelaria's gold and silver production to **Franco-Nevada Corp** (FNV) for an upfront payment of \$648 million.

## ANALYSTS' RECOMMENDATIONS

• **Fortuna Silver Mines Inc** (FVI). CIBC raises rating to sector outperform from sector performer, cites upside to the current value based on the increment in production output at San Jose mine in Mexico.

• **Manulife Financial Corp** (MFC). Barclays raises price target to C\$25 from C\$24; rating overweight, says the stock has greater overall leverage to rising rates.

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