



Market Summary

DOW	16827.97	+22.56	PEYTO ENERGY	31.92	-.81	POLARIS	2.12	+.01
TSE	14483.67	-60.15	WESTERN FOREST	2.32	+.01	CANADIAN \$	0.8900	-.0003
S&P	1959.87	-4.71	CATALYST	2.35	--	EURO	1.2708	+.0038
NASDAQ	4483.68	-.04	CANFOR	25.19	-.05	COPPER	3.06	+.02
TSX VENTURE	795.21	-10.24	REDSTAR GOLD	0.045	--	CRUDE OIL	80.55	-.46
SILVER	17.18	--	LUMBER	337.00	-1.50	NATURAL GAS	3.72	-.07
GOLD	1228.60	-3.20	TIM HORTON'S	89.73	+.61	PRIME RATE	3.00%	

Market Commentary

• ECB fails 25 banks in health check but problems largely solved

Roughly one in five of the euro zone's top lenders failed landmark health checks at the end of last year but most have since repaired their finances, the European Central Bank said on Sunday.

• German business morale weakens to lowest level in almost two years

German business sentiment darkened in October for a sixth month running, hitting its lowest level in almost two years which suggests that Europe's largest economy could be in for a bumpy ride in the fourth quarter.

• Economic data on the world's largest economy wobbled again on Monday

The flash services sector Purchasing Managers Index compiled by information services company Markit slipped to 57.3 in October from 58.9 in September, hitting its lowest level since April. A Reuters poll forecast the October reading at 58.0. National Association of Realtors said its Pending Home Sales Index, based on contracts signed in September, rose 0.3 percent after falling 1.0 percent in August. These contracts become sales after a month or two. The gain last month was below Wall Street's consensus forecast of a 0.5 percent rise. Contracts were up 1.0 percent compared to a year earlier.

• The Brazilian stock market reacts to narrower re-election, was down nearly 5 percent in mid-morning trading

The real tumbled to a near six-year low against the dollar as Rousseff, who has been blamed for the country's sluggish economy, won re-election Sunday night. Many investors had backed rival candidate Aécio Neves. Brazil's outcome has turned investors cautious on risky assets overall.

The TSX saw a much lower start as crude fell on a lowered outlook from Goldman Sacks and on global growth concerns after a key index of German business sentiment hit its lowest level in almost two years, suggesting Europe's largest economy could be in for a bumpy ride in the fourth quarter. **U.S. stock indexes** started lower ahead of data on U.S. services sector growth and home sales but has since moved higher. Crude had traded below \$80 briefly but has trimmed losses now.

• **Precision Drilling Corp (PDS)**. The oil and natural gas drilling contractor reported a 79 percent jump in third-quarter profit, helped by higher pricing and drilling activity. The company's net income rose to C\$52.8 million, or 18 Canadian cents per share, in the quarter, from C\$29.4 million, or 10 Canadian cents per share, a year earlier. Company's revenue rose about 20 percent to C\$584.6 million.

• **Niko Resources (NKO)**. Oil explorer Ophir Energy has agreed to buy interests in seven deepwater production-sharing contracts in Indonesia from the company, building on Ophir's foray into the south-east Asian market. Ophir has agreed to pay \$31 million once the deal is completed and up to another \$56 million depending on drilling success at four of the projects, the company said in a statement.

• **Valeant Pharmaceuticals International Inc (VRX)**. The company said it is prepared to improve its offer for Allergan Inc to at least \$200 per share. Valeant Chief Executive Michael Pearson said in a letter to Allergan's board that Allergan's stock would not be trading at the multiples it is now if it were not for Valeant's offer.

ANALYSTS' RECOMMENDATIONS

- **Canaccord Genuity Group Inc (CF)**. RBC cuts rating to sector perform based on weaker capital markets environment.
- **Rio Alto Mining (RIO)**. BMO raises rating to outperform from market perform based on changes in operational and capital schedule changes at Shahuindo, which have a positive effect on the Rio Alto valuation.

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