



## Market Summary

DOW	18020.00	+60.56	PEYTO ENERGY	33.14	+0.22	POLARIS	2.05	--
TSE	14545.68	+113.30	WESTERN FOREST	2.46	+0.04	CANADIAN \$	0.8603	+0.0005
S&P	2083.10	+4.56	CATALYST	2.46	-0.04	EURO	1.2186	-0.0043
NASDAQ	4767.60	-13.82	CANFOR	28.81	+0.35	COPPER	2.96	-0.01
TSX VENTURE	669.92	+1.56	REDSTAR GOLD	0.04	--	BRENT CRUDE	60.72	+0.60
SILVER	14.79	+0.10	LUMBER	334.00	-0.40	NATURAL GAS	3.15	-0.02
GOLD	1178.30	-1.50	FIRST MAJESTIC	5.60	+0.22	PRIME RATE	3.00%	

## Market Commentary

### • Arab OPEC sources see oil back above \$70 by end-2015

Arab OPEC producers expect global oil prices to rebound to between \$70 and \$80 a barrel by the end of next year as a global economic recovery revives demand, OPEC delegates said this week in the first indication of where the group expects oil markets to stabilise in the medium term.

### • UK growth slows slightly in third quarter

Spending by households drove Britain's economic recovery once again in the third quarter despite a slight fall in disposable incomes and weaker business investment growth than previously reported, official data showed.

### • U.S. GDP revised up to 5% in third quarter

The U.S. economy grew at a sizzling 5 per cent annual rate in the July-September period, the fastest in more than a decade, boosted by strength in consumer spending and business investment.

The resurgence in growth last quarter provided the latest evidence that the U.S. economy is steadily strengthening and outpacing most others around the world.

The Commerce Department on Tuesday sharply revised up its estimate of third-quarter growth from a previous figure of 3.9 per cent. Much of the strength came from consumer spending on health care and business spending on structures and computer software.

### • Canadian GDP exceeds forecasts

Statistics Canada reported that GDP grew by 0.3 per cent in October, beating economists expectations of 0.1 per cent during that month. The economy had grown by 0.4 per cent in September. The federal agency says the growth was broad-based, affecting several major sectors of the economy \_ especially oil and gas extraction and mining.

### • US house prices up

US house prices rose in October, up 0.6% on a seasonally adjusted basis from the previous month, according to the Federal Housing Finance Agency (FHFA) monthly House Price Index (HPI). The previously reported house price change of 0.0% in September remained unchanged. The FHFA HPI is calculated using home sales price information from mortgages sold to or guaranteed by Fannie Mae and Freddie Mac. From October 2013 to October 2014, house prices were up 4.5 percent. The US index is 5.1% below its April 2007 peak and is roughly the same as the September 2005 index level.

### • U.S. new home sales fall for second straight month in November

Sales of new U.S. single-family homes fell for a second straight month in November, a sign that the housing market recovery remains fragile. The Commerce Department said on Tuesday that sales declined 1.6 per cent to a seasonally adjusted annual rate of 438,000 units. October's sales pace was revised down to 445,000 units from 458,000 units. Economists polled by Reuters had forecast new home sales rising to a 460,000-unit pace last month.

**Stocks** pointed to a higher opening for **Canada's main stock index** after good gross domestic product data on both sides of the border. **U.S. stock indexes** are mixed with DOW and S&P higher while tech heavy NASDAQ is lower. The year the DOW broke 16,000 for the first time, then 17,000 and now 18,000. **European stocks** traded higher as the year-end rally edged into its sixth day. **Asian markets** closed mixed. In the currency market, the **Australian dollar** hit a 4-1/2-year trough against its **U.S. counterpart**. **Brent** rose after the good GDP numbers and comments for OPEC, while **gold** eased. Gold stocks on the TSX are higher though, being the strongest sector.

## STOCKS TO WATCH

• **Enbridge Inc (ENB)**. The pipeline operator said on Monday it was rationing space on its Ozark crude oil pipeline for January, and its Spearhead pipeline for January and February. The Spearhead pipeline, which carries oil from Flanagan, Illinois, to the Cushing, Oklahoma, storage hub, was apportioned at 89.3 percent for January and 90.0 percent for February, it said.

• **Encana Corp (ECA)**. The company will sell some natural gas gathering and compression facilities in British Columbia it

owns jointly with a unit of Mitsubishi Corp to Veresen Midstream LP. Encana said it would receive about C\$412 million from the sale and actual costs accrued in 2015.

#### **ANALYSTS' RECOMMENDATIONS**

- **MEG Energy Corp** (MEG). Barclays cuts target price to C\$24 from C\$25 to account for a lower production growth rate.
- **Northern Blizzard Resources Inc** (NBZ). CIBC cuts target to C\$17 from C\$19 due to the PV impact of the company's reduced pace of development on risked NAV.

*Merry Christmas to all Morning Letter readers and a Healthy Prosperous New Year*



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