Money

Gold tanks amid euro fears

The Canadian Press

TORONTO — Gold prices tumbled on international markets Wednesday as renewed fears about a looming European recession and rumours of hedge fund selling took the lustre off the precious metal.

The February bullion contract dropped US$76.20 to US$1,586.90 an ounce, one of the biggest selloffs in months.

The selloff hit gold miners on the Canadian markets, pushing the sector down 2.9 per cent and hammering the stocks of big producers such as Barrick Gold Corp. (TSX:ABX), down $1.82, or 3.77 per cent, at C$46.47.

BMO Capital Markets economist Robert Kavcic said the drop came as the U.S. dollar gained ground, especially against the euro.

"We've seen a pretty broad-based retreat in commodity prices and it seems like a lot of hedge funds and investors are selling their gold to cover losses elsewhere," Kavcic said.

He also noted that the price of gold dropped below its 200-day average – a much watched technical indicator – for the first time since January 2009 at the tail end of the financial crisis.

"When you see a technical event like that it tends sometimes to accelerate the selling because a lot of people are trading off those specific technical events," he said.

Meanwhile, the euro fell below US$1.30 Wednesday on fears that European leaders won't be able to solve the region's debt crisis.

It's the first time the euro has fallen below that level since January. At the same time, the U.S. dollar gained against most other currencies.

"And when you get a strong dollar, you get weaker commodity prices and we seem to be seeing this right across the board," said Patricia Mohr, vice-president and commodity markets specialist at Scotiabank.

"Gold, in particular, has taken quite a hit today but even stronger commodities like oil are down, over US$5."

The market verdict – that Europe's debt problems are still unsolved – comes after five days of accumulating questions about whether a new deal setting limits on the debt of eurozone countries and added contributions to the International Monetary Fund will take full effect.

Wednesday's gold plummet also followed a pronouncement Tuesday by Dennis Gartman, a widely followed publisher of an investment newsletter, that the run-up in bullion appeared to be at an end.

In his newsletter, Gartman noted the price has been down in recent trading even as China aggressively bought the precious metal.

"One of the oldest rules of trading is simply this: A market that cannot or does not respond to bullish news is a bearish market not a bullish one," Gartman wrote.

However, Barry Cooper, a managing director of institutional equity research at CIBC, has suggested that the "safe haven" characteristics of gold will play an important role in demand for the metal.

"The robust outlook for bullion remains intact as we continue to see debasing of currencies as the key contributor to gold's rise," Cooper said in a recent note to clients.

TSX drops to third triple-digit loss

The Canadian Press

TORONTO — The Toronto stock market closed sharply lower Wednesday, pressured by steep drops in the price of oil, gold and copper amid worries about the European debt crisis.

The S&P/TSX composite index racked up its third consecutive triple-digit loss, falling 216.9 points to 11,543.05 while the TSX Venture Exchange gave back 52.5 points to 1,405.93.

Gold stocks sold off despite the latest round of market nervousness, losing about 2.5 per cent as the February bullion contract dropped $76.20 to US$1,586.90 an ounce as traders forsook risk and piled into the safe haven of U.S. Treasuries (*see story left*).

"When risk aversion is extreme, investors still shift into the security and liquidity of U.S. Treasurys or into cash and not into gold," said Patricia Mohr, vice-president and commodity markets specialist at Scotiabank.

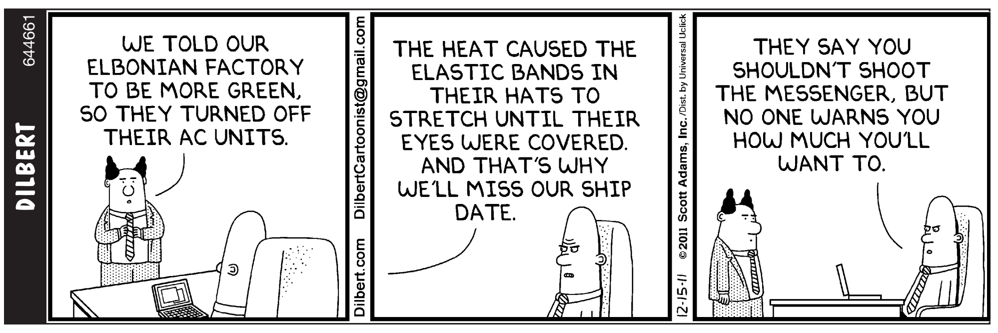
"Gold has been extremely volatile in the past week, every day up a lot or down a lot. I think that's probably indicative of a market where investors are not sure about the outlook for gold."

A stronger greenback usually helps depress commodity prices, which are denominated in dollars, as it makes oil and metals more expensive for holders of other currencies.

The stronger greenback and weaker commodities pushed the Canadian dollar down half a US cent to 96.19 cents US as traders avoided risk and bought into U.S. Treasuries.

U.S. markets also fell with the Dow Jones industrials down 131.46 points to 11,823.48. The Nasdaq declined 39.96 points to 2,539.31 and the S&P 500 index lost 13.91 points to 1,211.82.

Losses accelerated after Germany's top central banker warned that the European Central Bank should not create new money as a way of solving the eurozone debt crisis. Jens Weidmann said that making the central bank support government finances would cost it its independence. It would also cost it its credibility as an inflation fighter, Weidmann said.



WestJet inks Asian deal

CALGARY (CP) — WestJet Airlines Ltd. has signed an interline deal with Japan Airlines that will make it easier for passengers to connect between the two airlines. The Calgary-based carrier says the code-share agreement launches on Thursday. Travellers will be able to link from Japan Airlines flights landing in Vancouver which will then connect to WestJet flights destined for Calgary, Edmonton, Kelowna, Montreal, Toronto and Winnipeg.

Code-share agreements allow both airlines to sell seats on each other's planes using the same two-digit code. Customers of either airline are able to travel over connecting flights on one ticket, get boarding passes for all flight legs at check-in and tag bags through.

TSE winners

Stock	Symbol	Last Trade	dollar Chge	% Chge	52 Wk High	52 Wk Low
Diversine	DIV	0.39	+0.21	+110.8	0.53	0.16
Enssoluti	ENV	0.01	+0.01	+100.0	0.06	0.01
NewG WT C	NGD.WT.C	0.70	+0.25	+55.6	0.72	0.23
Iplayco	IPC	0.17	+0.06	+54.5	0.20	0.08
Pine WT A	PNP.WT.A	0.06	+0.02	+50.0	1.10	0.04
UniqueBba	UBS	0.03	+0.01	+50.0	0.11	0.02
NobleMeta	NMG	0.02	+0.01	+50.0	0.06	0.01
EverettRe	EAR	0.02	+0.01	+50.0	0.08	0.01
CalyxBio-	CYX	0.30	+0.10	+50.0	0.30	0.15
Cenit	CNT	0.08	+0.03	+45.5	0.14	0.05
Silver Sp	SSE	0.08	+0.03	+45.5	0.36	0.05
NewWEgySv	NWE	0.07	+0.02	+44.4	0.13	0.01
Metropoli	MNZ	0.20	+0.06	+42.9	0.51	0.09
DynastyGl	DYG	0.05	+0.02	+42.9	0.16	0.03
BNPResA	BNX.A	0.09	+0.03	+41.7	0.13	0.04

TSE losers

Stock	Symbol	Last Trade	dollar Chge	% Chge	52 Wk High	52 Wk Low
SpYl PR B	YLD.PR.B	0.03	-0.04	-57.1	1.30	0.05
SLSplitAC	SLS	0.27	-0.21	-43.8	4.50	0.20
Desmarais	DES	0.04	-0.03	-41.7	0.35	0.02
SplitYiel	YLD	0.05	-0.03	-40.0	0.65	0.02
RevaRes	RVA	0.06	-0.04	-40.0	0.50	0.05
AugenCapC	AUG	0.04	-0.03	-38.5	0.12	0.04
Indicator	IME	0.01	-0.01	-33.3	0.26	0.01
SectionRo	SRO	0.01	-0.01	-33.3	0.04	0.01
SilverBea	SBR	0.45	-0.22	-32.6	1.40	0.42
G4G Res	GXG	0.05	-0.02	-30.8	0.20	0.06
Rockcliff	RCR	0.09	-0.04	-29.2	0.40	0.08
EquitechC	EQT	0.08	-0.03	-28.6	0.19	0.08
FlyingAPe	FAB	0.04	-0.02	-27.3	0.14	0.04
SAMEXMngC	SXG	0.46	-0.17	-27.0	1.50	0.59
GlobeD UN	GII.UN	0.65	-0.22	-25.3	2.75	0.75

TSE locals

Stock	Symbol	Last Trade	dollar Chge	% Chge	52 Wk High	52 Wk Low
BallardPo	BLD	1.220	0.010	+0.8	2.450	1.170
Canfor	CFP	9.870	-0.190	-1.9	15.480	8.800
CdnNat'lR	CNR	76.250	-1.190	-1.5	81.790	63.720
Chemtr UN	CHE.UN	14.400	-0.090	-0.6	15.210	11.300
Enbridge	ENB	36.120	-0.230	-0.6	36.960	27.045
HuskyEner	HSE	24.150	-0.470	-1.9	30.580	20.630
ImperialM	III	12.300	-0.480	-3.8	13.550	8.820
Int'lFo A	IFP.A	3.750	-0.050	-1.3	7.490	3.500
M,D&Assoc	MDA	47.620	0.050	+0.1	58.730	41.700
NovaGoldR	NG	9.210	-0.550	-5.6	15.010	6.260
PacNorthe	PNG	36.620	-0.080	-0.2	37.600	23.290
TELUS	T	56.210	0.610	+1.1	56.300	44.980
ThompsonC	TCM	6.710	-0.120	-1.8	15.430	5.790
TimHorton	THI	48.700	-0.450	-0.9	52.750	40.380
WestFrase	WFT	38.100	-1.880	-4.7	62.860	34.900

MUTUAL FUNDS best/worst

Best Fund	Net Asset Value	3-Month % Chge
The Friedberg Currency Fund	15.225	26.571
MLI U.S. Large Cap Equity Cl Adv C$	11.355	9.838
Fidelity Small Cap America Fund Sr A C$	23.519	9.658
Fidelity Small Cap America Class Sr A	11.382	9.550
HAP North American Value ETF	10.558	9.530
Investors U.S. Dividend Growth Fund	9.339	9.124
CI Global Science & Technology CorCl AC$	13.380	9.069
Mawer U.S. Equity Fund Class A	17.951	9.043
MLI U.S. Equity Fund Adv Ser	9.539	9.037
Clarica SF CI Global Sci & Technology	6.780	8.847

Worst Fund	Net Asset Value	3-Month % Chge
Pathway Energy Series A Rollover MIN002	0.738	-32.484
Sprott 2011 F-T LP	12.165	-24.235
Qwest Energy Canadian Resource Class	2.801	-23.527
BMO Agriculture Commodities Index ETF	11.266	-22.835
Claymore Natural Gas Commodity ETF - GAS	18.925	-22.730
Pathway Multi SF Explorer Sr A Rollv 001	3.349	-21.055
Webb Enhanced Growth Fund	5.286	-20.900
BlackBridge Resource Capital Cl Fund A	2.547	-20.612
PowerShares Global Clean Energy Class A	4.692	-19.548
NexGen Global Resource Tx Mgd ROC	6.437	-19.240

FINANCIAL HIGHLIGHTS

TORONTO (CP) — Highlights at the close of Wednesday's world financial market trading.

Stocks

S&P/TSX Composite Index – 11,543.05, down 216.90 points

TSX Venture Exchange – 1,405.93, down 52.50 points

Dow – 11,823.48, down 131.46 points

S&P 500 – 1,211.82, down 13.91 points

Nasdaq – 2,539.31, down 39.96 points

Currencies at close

Cdn – 96.19 cents US, down 0.50 of a cent

Euro – C$1.3498, up 0.16 of a cent

Euro – US$1.2984, down 0.52 of a cent

Oil futures

(January) $94.95, down $5.19

Gold futures

(February) $1,586.90, down $76.20

Canadian Fine Silver Handy and Harman

$31.240 an oz., down 2.239

MARKET MOVERS

The Canadian Press

TORONTO — Some of the most active companies traded Wednesday on the Toronto Stock Exchange and the TSX Venture Exchange:

Toronto Stock Exchange (11,543.05 down 216.90 points):

Crocodile Gold Corp. (TSX:CRK). Miner. Up 14.5 cents, or 42.65 per cent, at 48.5 cents on 25,481,685 shares.

Manulife Financial Corp. (TSX:MFC). Insurer. Down 15 cents, or 1.42 per cent, at $10.38 on 13,462,274 shares.

Bombardier Inc. (TSX:BBD.B). Transportation equipment. Down eight cents, or 2.23 per cent, at $3.50 on 6,845,291 shares.

Gran Colombia Gold Corp. (TSX:GCM). Miner. Down 2.5 cents, or 6.58 per cent, at 35.5 cents on 6,533,263 shares.

Suncor Energy Inc. (TSX:SU). Oil and gas. Down 92 cents, or 3.17 per cent, at $28.13 on 6,436,798 shares.

Platmin Ltd. (TSX:PPN). Miner. Up 0.5 cents, or 3.13 per cent, at 16.5 cents on 5,628,822 shares.

TSX Venture Exchange (1,405.93 down 52.50 points):

Encore Renaissance Resources Corp. (TSXV:EZ). Mineral exploration. Up 0.5 cents, or 25 per cent, at 2.5 cents on 20,341,000 shares.

Iberian Minerals Corp. (TSXV:IZN). Miner. Unchanged at $1.09 on 11,756,033 shares.

Companies reporting major news:

Cominar Real Estate Investment Trust (TSX:CUF.UN). Real estate. Up two cents, or 0.09 per cent, at $21.80 on 114,443 units. The REIT says it is "disappointed" by the rejection of its takeover bid for Canmarc Real Estate Investment Trust (TSX:CMQ.UN) but "confident" the offer will eventually be accepted. Canmarc units were up six cents, or 0.38 per cent, at $16.01 on 887,008 units.

McCoy Corp. (TSX:MCB). Oil and gas. Up nine cents, or 3.13 per cent, at $2.97 on 12,385 shares. The company tripled its quarterly dividend as the company generated fatter profits and revenues from booming times in the oilpatch.

CURRENCIES

TORONTO (CP) — These are indicative wholesale rates for foreign currency provided by the Bank of Montreal at midday on Wednesday. Please inquire at any branch for cash rates. Quotations in Canadian funds.

Brazil real	0.5535
China renminbi	0.1633
Euro	1.3498
Japan yen	0.013330
Lebanon pound	0.000693
Malaysia ringgit	0.3270
Mexico peso	0.0747
N.Z. dollar	0.7809
Norway krone	0.1736
Pakistan rupee	0.0116
Philippine peso	0.0236
Poland zloty	0.2964
Romania leu	0.3109
Russia rouble	0.0327
Saudi Arabia riyal	0.2775
Sweden krona	0.1485
Switzerland franc	1.0921
Thailand baht	0.0332
Trin-Tob dollar	0.1639
Turkey lira	0.5520
Ukraine hryvnia	0.1298
U.A.E. dirham	0.2833
U.K. pound	1.6071
U.S. dollar	1.0406

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