

May 24, 2011

A clarion is a medieval trumpet that had clear, shrill tones. Trumpets were often used to get people's attention when making announcements. We are also using "clarion" in the context of making announcements, as well as being thought-provoking when sharing our information and opinions with those people who are interested in new investment ideas.

for your Information

New-Look Website

eResearch has updated its website with a new look, more simplified, more appealing, and better laid out. Our latest Reports and Videos are now up-front and centre on the Home Page. We have added considerably to our Technical component.

We are always trying to give our Subscribers better service and trust this website revision will be well accepted. If you like it, let us know.

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Topic: Sector Rotation Part 2

This week, we compare and contrast the performance of the Canadian versus the U.S. market sectors: (1) over the last twelve months, since May 2010; and (2) from the highs for the 2011 year-to-date.

	Canadian Statistics				
	Year Ago	High	Current	Change	Change
	May 21 2010	for 2011	May 20 2011	since Year Ago	since 2011 High
Health-Care	37.14	62.37	60.27	62%	-3%
Materials	323.85	461.63	407.55	26%	-12%
Consumer Staples	167.35	207.53	209.88	25%	1%
Utilities	184.44	228.53	228.99	24%	0%
Industrials	95.04	120.26	117.81	24%	-2%
Energy	272.10	370.75	326.82	20%	-12%
Telecommunications	83.37	96.89	99.66	20%	3%
Financials	178.90	201.65	198.97	11%	-1%
Consumer Discretionary	88.20	103.74	97.43	10%	-6%
Information Technology	29.97	35.64	33.03	10%	-7%

	U.S. Statistics				
	Year Ago	High	Current	Change	Change
	May 21 2010	for 2011	May 20 2011	since Year Ago	since 2011 High
Energy	53.07	80.97	73.47	38%	-9%
Telecommunications	19.22	25.31	24.92	30%	-2%
Consumer Discretionary	31.73	41.02	39.89	26%	-3%
Materials	30.37	41.28	38.11	25%	-8%
Industrials	29.42	38.98	36.84	25%	-5%
Health-Care	28.80	36.57	35.67	24%	-2%
Consumer Staples	26.62	32.46	32.10	21%	-1%
Information Technology	21.47	27.09	25.80	20%	-5%
Utilities	28.62	34.30	33.73	18%	-2%
Financials	14.75	17.20	15.50	5%	-10%

Stock-of-the-Week

<Will return>

-2-

Looking at the two tables above, there are some similarities between the sub-Indexes of the respective markets, but more differences which, perhaps, is a bit surprising.

1. Year-Over-Year Comparison

Health-Care (+62%) performed much better in Canada than did its counter-part (+24%) in the U.S. In Canada, *Consumer Staples* (+25%) did better than *Consumer Discretionary* (+10%) while, in the U.S., the reverse was true, with *Discretionary* (+26%) performing better than *Staples* (+21%). Canadian *Utilities* (+24%) fared better than the U.S. sub-Index (+18%). Another surprising outcome was that U.S. *Energy* (+38%) out-performed its corresponding Canadian equivalent (+20%).

2. Change From 2011 High Comparison

There was much less divergence in the country sub-Indexes from their respective 2011 highs. The main similarities were in Consumer Staples: Canada (+1%), and the U.S. (-1%); Utilities: Canada (+0%), and the U.S. (-2%); and Health-Care: Canada (-3%), and the U.S. (-2%).

The next table shows the performance of the major Indexes for Canada, the U.S., the U.K., and Japan.

	Market Indexes				
	Year Ago May 21 2010	High for 2011	Current May 20 2011	Change since Year Ago	Change since 2011 High
S&P/TSX Venture	1,453.39	2,287.82	2,031.44	40%	-11%
NASDAQ	2,229.04	2,887.75	2,803.32	26%	-3%
DJIA	10,193.39	12,876.00	12,512.04	23%	-3%
S&P 500	1,087.69	1,370.58	1,333.27	23%	-3%
S&P/TSX Composite	11,521.35	14,329.49	13,652.27	18%	-5%
London FTSE 100	5,062.93	6,105.77	5,948.49	17%	-3%
Tokyo Nikkei	9,784.54	10,891.60	9,607.08	-2%	-12%

Canada's commodity-laden TSX Venture Exchange easily won the race over the last twelve months but, equally, fared the worse when commodity prices collapsed. The Nikkei reflects Japan's national tragedy. On balance, the U.S. Indexes have out-performed the other countries' Indexes, reflecting U.S. recovery hopes. Over the next six months, these hopes had better be realized.

Bob Weir, CFA,
 Managing Director, Research Services

**New eResearch
Material Since
May 16, 2011:**

1. Initiating Reports

NONE

**2. Update Reports
and Bulletins**

[AutoCanada Inc.](#)
05/20/2011

[Research In
Motion](#)
05/19/2011

[Power Financial
Corporation](#)
05/18/2011

[Adex Mining Inc.](#)
05/18/2011

[Virgin Metals Inc.](#)
05/18/2011

[Microbix Biosys
Inc.](#)
05/17/2011

3. Analyst Articles

[Analyst Articles
\(Various\)](#)

[Market Breadth](#)
05/16/2011

[Phases&Cycles](#)
05/16/2011

In addition to these reports and articles, our full complement of research is available at www.eresearch.ca

BriefCase

NewsBytes from May 16 - May 20, 2011

Additional information on the companies featured in NewsBytes may be found at www.sedar.com, and at www.eresearch.ca.

For the latest eResearch publications, see sidebar opposite.

Nebu Resources Inc. (\$0.085 - May 16, 2011; NBU-TSX-V) Nebu has published an update on its exploration activities, including plans for summer and fall 2011. The Company has completed the ninth and final hole of its initial drill program (1,500 metres) at its Mallard property in Mallard Township in Ontario. Core is currently being logged and split, and will be sent for assay. Nebu has the right to earn a 100% interest in the property.

Foundation Resources Inc. (\$0.19 - May 18, 2011; FDN-TSX-V) Foundation Resources (60% interest) and Alto Ventures (40%) have published the results of four holes from the East and Main zones of the East Coldstream deposit on their Coldstream property in northwestern Ontario. Included in the results was a 38.25-metre-wide zone averaging 1.10 g/t Au, including 5.14 g/t Au over 5.20 metres (East zone). Foundation is the operator of the program.

Cadillac Ventures Inc. (\$0.175 - May 19, 2011; CDC-TSX-V) Cadillac Ventures has published assay results for two deep holes (CV-11-02 and CV-11-03) drilled into the "tooth" at the Company's Thierry project in northwestern Ontario. The Company has completed five out of six holes targeting the tooth-shaped void at depth in the modelled Thierry mineralization. The sixth hole is currently being drilled. When this hole is completed, the Thierry resource will be restated, incorporating the strike extension drilling to the east and west and the drilling into the tooth. Also following the conclusion of the sixth and final hole into the tooth, Cadillac will be pursuing two additional targets.

Anglo-Canadian Uranium Corp. (\$0.135 - May 19, 2011; URA-TSX-V) Anglo-Canadian has completed a 25-line-kilometre 3D IP and ground magnetic survey at the Princeton copper/gold project near Princeton, B.C. The surveys were conducted with 100-metre spacing and stations at 12.5-metre intervals. The data are being evaluated, and an interpretation report is expected before the end of the second quarter.

Clearford Industries Inc. (\$0.34 - May 20, 2011; CLLI-TSX-V) Clearford has entered into an agreement to raise on a best-efforts private placement basis up to \$3 million through the issuance of units comprising one common share and one-half of one common share purchase warrants at a price to be determined in the context of the market.

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Opportunity Knocks

At the present time, eResearch has no positions available.

If you are interested in learning more about eResearch, please contact Bob Weir at the following: bweir@eresearch.ca.

“Research is the
bedrock underpinning
all capital markets”

Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from www.eresearch.ca since April 25, 2011:

1. SLAM Exploration Inc., Perspective, April 29
2. SLAM Exploration Inc., Perspective, April 6
3. Analyst Article, Ominous Signs, May 13
4. Leader Energy Services Ltd., Initiating Report, May 11
5. Nemaska Exploration Inc., Initiating Report, May 10
6. Adex Mining Inc., Perspective, May 18
7. Phases & Cycles, Market Thought, April 25
8. Microbix Biosystems Inc., 4 Perspectives, March/April/May
9. Research In Motion Limited, Update Report, May 19
10. Global Railway Industries Inc., **StockPotentials**, May 5

Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from www.eresearch.ca since May 9, 2011

1. SLAM Exploration Inc., Perspective, April 6
2. Analyst Article, Ominous Signs, May 13
3. Leader Energy Services Ltd., Initiating Report, May 11
4. Nemaska Exploration Inc., Initiating Report, May 10
5. Adex Mining Inc., Perspective, May 18