



Market uncertainty pulls Canadian Mining Eye index down in Q3

The Canadian Mining Eye index declined 17% during Q3 2015, compared to a 4% gain in Q2 2015. The Canadian Mining Eye index underperformed the S&P/TSX Composite index which slipped 9% during the quarter. The London Metal Exchange index (LMEX) declined 9% over the quarter. The S&P/TSX Composite Metals and Mining index witnessed a significant plunge of 26% due to extremely bearish sentiment during the quarter. Stock prices remained volatile, mirroring the movement in gold prices. Canadian mining equities continue to face downward pressure due to a fall in metal prices, weak macro-economic backdrop and weak Chinese demand. Canadian companies in this sector continue to focus on their core businesses by disposing of non-core assets and managing costs. Some companies showed steady progress developing their planned projects.



Majors experienced a fall of 26% in Q3 2015, compared to a 4% decline in Q2 2015, indicating weak investor confidence on a global macroeconomic outlook. Companies with a focus on margin protection continue to manage costs effectively while looking to improve productivity. With the US dollar strengthening against the Canadian dollar (7% in 3Q 2015), Canadian miners are expected to benefit as commodities are traded in US dollars whereas production costs are incurred in Canadian dollars. Companies remained cautious about their capital spending and focused on rigorous cost control measures and productivity improvements.

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