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Toronto stocks shrug off failure of summit talks

By Jack McArthur Toronto Star

Usually excitable Canadian stocks met both Reagan punditry and economic summitry with a vast indifference this week.

They marched sideways, possibly staking a further bet on inflation, but one so tiny it may be illusion.

With Toronto's 300-price index falling 0.1 per cent and holding last week's modest gain, all moves were moderate among its 14 subgroups. But strength in non-precious metals and weakness in financial institutions might be a hint of more inflation.

So might a small \$2.50 rise in the price for gold to \$456.25 (U.S.) an ounce on the London market. That left precious metals almost unmoved as a group.

The non-precious group is 2.3 per cent higher in one week and 7.5 in two. Its 47 per cent gain this year defies low profits in much of the industry and is said to rest on belief that inflation will get a little worse and prices of resource products will rise most.

There was momentary fright at the failure of the Venice summit of leaders of the big economies to make progress on their problems — of slow growth, trade barriers, erratic currency prices and disagreement about interest rates.

But no one had predicted success at Venice. Markets soon got back on track, just as they did after U.S. President Ronald Reagan said something vague about a possibly lower U.S. dollar.

Any fall by the crushed dollar could mean the use of higher U.S. interest rates to support the currency. That would be badly received. Economies are sluggish enough

without being hit by more expensive loans.

Among the week's best winners, B.C. Forest doubled its '86 low as it rose \$1.75 to \$21, West Fraser Timber won \$4.50 to \$29 and the Toronto Sun — recently raising the dividend — \$2.88 to \$23.38, being \$4.88 higher in two weeks.

United Siscoe rose another \$1.38 to \$7.13 as it reshapes itself to be an investment company with a big gold holding. Halifax Developments added \$1.50 to \$24 and stockbroker Nesbitt Thomson A \$1.25 to \$15 with news of sharply higher profits and an increased dividend.

Another broker went the other way. Walwyn Inc. fell \$1.13 to \$7.75 after conclusion of a successful bid for its control by Financial Trustco at \$10 per Walwyn share.

Other losers: Signtech, denying it's for sale and falling \$1 to \$10.88; clothing retailer Grafton A, \$1.10 to \$14, and once-soaring Geac Computer, 65 cents to \$2.80.

Geac jumped 95 cents last week and is at least way above a 65-cent low in '86. The news this week was Helix Investments' plan to come to its rescue with \$20 million. As Helix buys control, many new Geac shares will be issued, diluting the ownership of existing stock.

More widely owned are the blue chips or semi-blues in the table. Inco, Imperial Oil, Canadian Pacific, Nova and Teck — a big mix of (mostly) gold and other minerals — clearly would profit from higher resource prices.

Compare their gains so far in '87 with that of 21 per cent for the whole market.

	Week's close	Week's change in dollars	So far in 1987
Seagram	\$97.25	+2.63	13.75
Nova A	9.38	+0.50	3.50
Impl Oil A	71.38	+2.63	20.13
Bell	41.63	-1.25	+1.50
Lonvest	24.38	+2.13	-0.25
Power Crp	17.25	-0.50	+1.50
Cdn Pacific	24.25	+0.75	+6.38
Inco	24.63	+1.13	+8.50
Teck B	33.75	+1.75	+9.13

Bell traded without right to a 60-cent dividend. Huge Nova (gas pipelines, chemicals, oil-gas output) will add voting rights to the 3 shares. Seagram reported a higher quarterly profit. Lonvest, owner of London Life, rebounded after touching a 53-week low.

However quiet as a group, the gold-related always provide big moves. Campbell Red Lake and Echo Bay lost more than \$1, but Viceroy Resource rose \$2.38 to \$22.13, Glamis \$1.50 to \$9.50 and fast-expanding Pegasus \$1.63 to \$27.75. Hemlo Gold agreed to buy into Viceroy and provide major financing.

Explorers had Sikamin Gold adding \$1.25 to \$6, Getty Resources \$1.75 to \$12.50 and Exall 41 cents to \$1.96. Orofino, a small copper-gold miner, leaped 55 cents to \$1.35.

Some depressed junior industrials had Iona Appliances falling 47 cents to \$2.38, but Trillium Phone Systems rising 65 cents to \$3.70 (last year's high was \$15.25), and Majestic Electronics Stores adding 50 cents to \$4.10 after a \$10.13 high last year.