

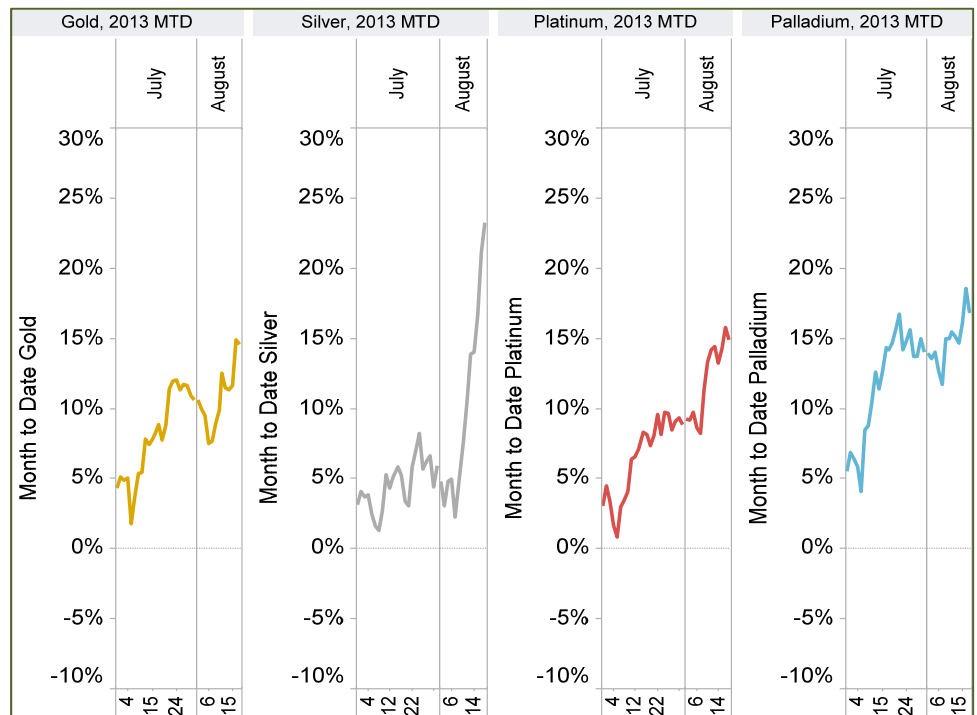
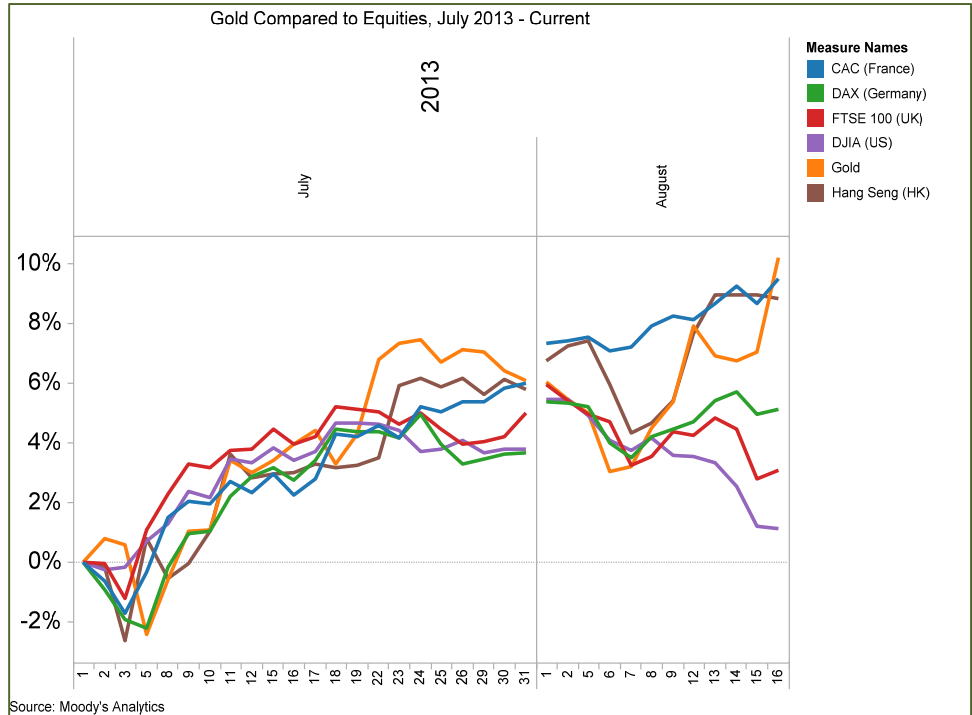
REVIEW

Among the precious metals this past week, silver ruled the day, up about 14% since August 9th. The other three major precious metals have also had a good week, with gold up 4%, platinum up 1%, and palladium up 2%.

Concern about how the U.S. Federal Reserve and other central banks will handle the elimination of monetary stimulus continues to be the major driver behind precious metals. Judging by the recent returns, market participants either think central bankers' will be too slow to taper off their ballooned balance sheets (i.e. slow purchases of government bonds or other debt-like securities) or be too quick, in which case the world's economies could be adversely affected.

Interestingly, in looking at the precious metal market returns from the first of July to today, gold is up about 15%, silver was up about 23%, platinum was up about 15%, and palladium was up about 17% (top right). Overall, the past couple of months have been quite good to precious metal investors, beating most of the major indices, such as the French CAC, the German DAX, or the U.S. Dow Jones Industrial Average.

The past couple of months represent a big turnaround from the early months of 2013, although the recent gains have not been enough to cover all the losses of the early part of the year. On a year to date basis, gold is still down about 19%, silver is down about 25%, and



platinum is down about 3%. Bucking the trend is palladium, which is up about 6% for the year (top right figure below).

The seesawing of the precious metals market, although not uncommon, is more volatile in 2013 than most other years. With the whipsawing in mind, many precious metals investors are asking themselves: are the past couple of months the holding period in a downward bear market or have the precious metals markets turned the corner? We'll see in the next couple of months.

OUTLOOK

The economic calendar is weak this week, giving investors some chance to pay perhaps too much attention to potential actions of central bankers. More so than usual, market participants are also paying attention to the rise in the price of oil and the turmoil in Egypt, which could cause slower than expected economic growth over the next few months.

GOLD

The most volatile day for gold was Thursday, initially down before making a strong reversal that has carried through Friday. According to some analysts, the week's outlook for gold depends to a large degree on the price of oil and market participants' readings of central banks likely actions. With this said, there's no bias in the week's outlook, with an even plus or minus 6% as the baseline trajectory.

SILVER, PLATINUM, AND PALLADIUM

As with gold, analysts for silver, platinum, and palladium generally have no bias in the coming week.

