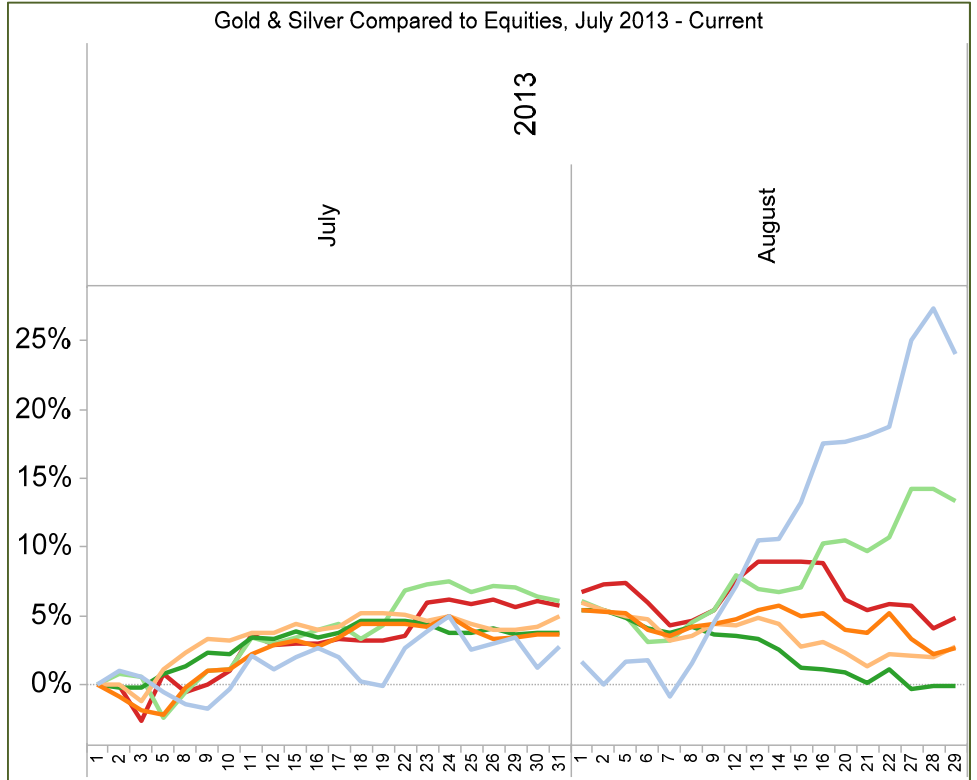


REVIEW

As with the equity and currency markets, the month of August was more volatile than usual for precious metal holders. According to market observers, the higher-than-usual volatility is likely to be a trend rather than an anomaly for the remainder of 2013. What are the causes of the increased volatility? The major drivers behind heightened volatility include: investors are becoming more skittish of the strength of the now five year economic recovery, market participants are worried about a potential military strike in Syria, investors are still concerned about most countries' ability to manage the expenditure side of their balance sheets, and analysts are still placing an incredibly high "overweight" on how central bankers will view and respond to recent economic developments, with eyes pointedly fixed on how quickly central banks will move away from quantitative easing and other actions that generally kept interest rates artificially low.

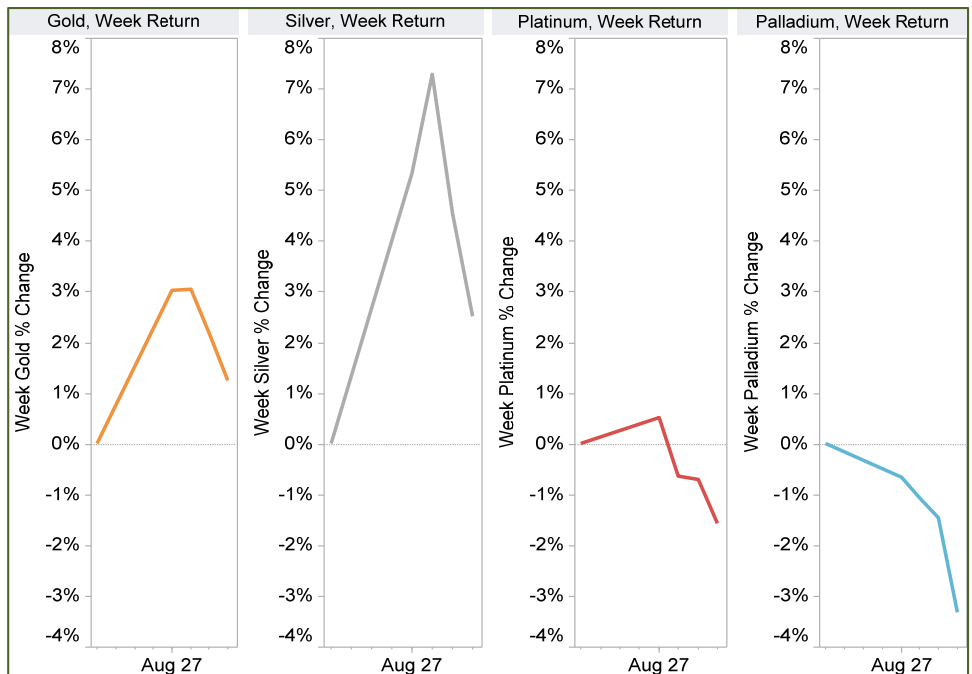
With general background in mind, the week was generally good to holders of precious metals, with the London PM¹ gold price up a little over 1%, silver up a little under 3%, platinum down a little over 1%, and palladium down over 3%.

¹ All precious metals prices quoted here are London PM



Source: Moody's Analytics

- Measure Names**
- Silver
 - DAX (Germany)
 - FTSE 100 (UK)
 - DJIA (US)
 - Gold
 - Hang Seng (HK)



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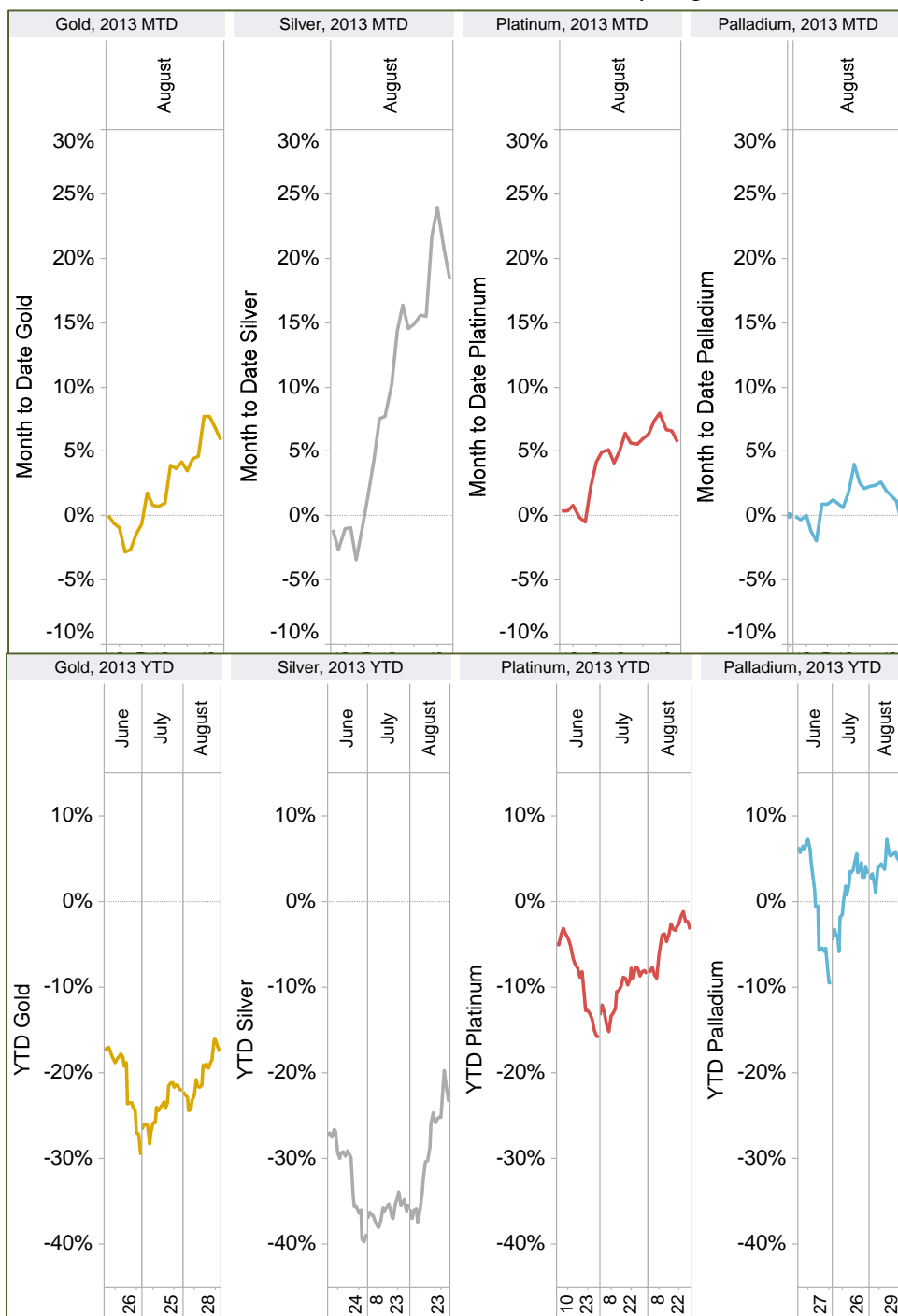
This past week's returns continue a three month trend in precious metals strength (top graph, page 3). For the month of August, gold is up around 6%, silver is up a little less than 20%, platinum is up over 5%, and palladium is basically flat.

OUTLOOK

The week ahead is packed with far-reaching economic indicators. On Monday and Tuesday investors will digest manufacturing conditions in the EU and U.S. Following the manufacturing conditions reports, market participants will get retail sales data for the largest western economies and announcements from the Bank of Japan, the European Central Bank, and the Bank of England. The week will end with a release of the labor market conditions in the United States. Precious metal market investors, and every other financial market observer, will scour this report closely for evidence of stronger or weaker than expected employment conditions. The report is likely to influence central bankers' decisions on quantitative easing programs.

GOLD, SILVER, PLATINUM, & PALLADIUM

The past three months have been months to remember for gold and silver holders, putting some bear market concerns to rest for a while. Overall, as stated previously, investors should be ready for some heightened volatility in the precious metals markets, in particular gold and silver (since these are the most highly traded of the asset class). With the higher than usual volatility as the backdrop, analysts generally give gold and silver some unusually high upside bias for the coming week, with gold possessing about a 2% upside bias and silver having about a 3% upside bias. Additionally, analysts generally give platinum and palladium smaller upside biases, with platinum possessing an upside bias of a little over 1% and palladium given a little less than 1% of an upside bias.



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