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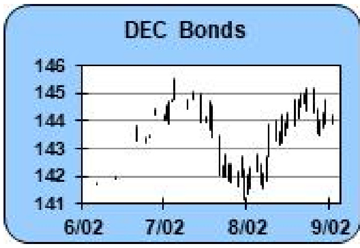

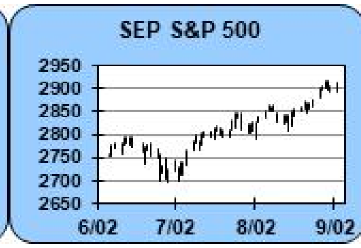

Today's Outlooks

BONDS: The early slide looks to be a buy

STOCKS: The bulls hold the trend but risk to the longs is rising

METALS: Physical demand fears & currency pressure to dominate

COPPER: Physical commodity demand fears from ongoing trade fighting

CURRENCIES: The Dollar is king as trade dialogue deteriorates again

Overnight Price Changes

BONDS	-1	FTSE	+18	SF	-47	GOLD	-7.00
S&P	+6	DOLLAR	+402	CANADIAN	-560	SILVER	-0.02
		YEN	-39	EURO	-355	PLATINUM	-0.94

Bonds and Stocks Overview

BONDS: We are surprised that US bond and note prices are lower to start today, as the emerging market currency crisis continues to unfold at the same time that US/Canadian trade relations have deteriorated to the point that a deal seems unlikely in the short term. While the market is not fully embracing the concept yet, a number of analysts are suggesting the unwinding of US quantitative easing, the track toward higher US interest rates and a soaring US dollar are propagating the emerging market crisis and that could eventually result in a restriction of the US Fed in their intention to slowly raise interest rates. However the US Fed historically has given international events slightly less consideration than domestic growth and inflation influences.

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STOCKS: Global equity markets overnight were mixed with Chinese, Russian and Spanish stocks higher, and most other markets unchanged to slightly lower. In addition to ongoing emerging market troubles, the markets were also presented with a much softer than expected UK PMI construction survey for the month of August. It should be noted that the US President has adopted a hard line trade stance again suggesting that Canada is not needed in a new NAFTA deal and that probably reduces the probability of a US/Canada deal in the near term.

Currency Market Overview

DOLLAR: The dollar has ranged up sharply overnight and that in turn has caused even more noted weakness in a long list of emerging market currencies which could eventually provide a "real" crisis. While it is possible that dollar strength/emerging market problems will discourage the Fed from removing stimulus the near term situation appears to leave the tightening bias in place. While it might seem academic the prospect of significant weakness in non-dollar currencies is a given because of trade conflict and also because of US economic prowess, the magnitude of the weakness in non-Dollar currencies adds an extra measure of upward capacity in the dollar.

EURO: One might have expected the euro to have derived some support from a slightly hotter than expected euro zone producer price reading this morning but the dominating strength of the dollar was too much for the currency. In fact the ECB slowed buying activity in August to the lowest level ever which would suggest the ECB is continuing to remove stimulus regardless of global economic concerns and that did not cushion the Euro. With the most recent COT positioning report in the euro showing a modest net long and the index this morning into the lows trading 140 points below the level where the COT report was compiled that could moderate selling somewhat.

YEN: The bull camp in the Yen has to be discouraged as the emerging market crisis and deteriorating trade hopes has not created a safe haven buying interest in the Yen. Furthermore higher Chinese equity markets overnight have not resulted in economic hopes for the region and a quasi-deflationary condition seems to be prevailing toward the Japanese currency. Near term downside targeting is seen at 89.56.

SWISS: With the Swiss significantly overbought from the second half of August rally and the dollar showing significant strength, the magnitude of the potential corrective

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action in the Swiss is significant. A normal retracement of the August rally provides initial targeting of 1.02465 which coincides with a prior low of 1.02460.

POUND: With UK construction PMI coming in below expectations and below prior readings, the sharp range down action is not surprising. In fact the currency gapped lower and is clearly suffering under the weight of the latest range up action in the dollar. Near term downside targeting in the Pound is seen at 1.2809 and perhaps not until 1.2750 given the momentum in the US currency.

CANADIAN: While some might interpret the sharply lower Canadian dollar as a negative economic reaction to the rekindling of US/Canadian trade tensions, a sharply lower Canadian dollar will eventually offset negative export headwinds for products flowing south of its border. The Canadian might see only minimal reaction to a private Canadian manufacturing PMI report scheduled for release later today, as the big picture macroeconomic/currency market environment issues dominate. Near term downside targeting in the September Canadian is seen at 75.935 which is a consolidation low level.

Metals Market Overview

GOLD/SILVER: So far, the emerging market currency crisis continues to bubble under the surface and that has not yet brought gold out from under a physical commodity market selling standing. In fact with the Indian rupee continuing to make new all-time lows, the gold purchasing power of key Indian buyers is clearly ruptured. Apparently significant financial and political issues are surging in both Venezuela and Argentina adds to the physical commodity market orientated selling interest in gold and silver as conditions have not worsened enough to shift to a safe haven buying orientated trade.

PLATINUM: While the palladium market is lower this morning it is holding up relatively impressively considering the overt weakness in other precious metals markets. Surprisingly the platinum market is sharply lower with a six day low and in the wake of a COT positioning report that showed a net short spec and fund position of 3,382 contracts. Furthermore the October platinum contract from the COT report mark off date into the lows this morning has declined another $20 an ounce which should puff up the net short even more.

COPPER: Not surprisingly a risk off psychology from deteriorating trade conditions,

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weaker precious metals prices and dollar strength has knocked copper prices sharply lower to start the Tuesday US trading session. Given that copper prices were not supported from higher Chinese stock market action highlights the prevailing negative global commodity demand focus. On the other hand the most recent COT positioning report (as of August 28th) posted a net spec and fund long of only 551 contracts and that should leave the market with less stop loss selling interest.