

Strategist Contact Information

Stephen Malyon, CFA Sacha Tihanyi
 Stephen_Malyon@Scotiacapital.com Sacha_Tihanyi@Scotiacapital.com

Trading Contacts

Reuters MMCN or (212)225-6200
 Stephen Abbriano—Stephen_Abbriano@scotiacapital.com
 Robert Lockwood—Robert_Lockwood@scotiacapital.com

Market Commentary

Gold opened at 815.75/816.75 in New York. After a brief drop down to 807, the metal bounced back past opening levels, reaching a high of 817.50/818.50 before the release of the Department of Energy's oil inventory data. Inventories came in way above expectations, hitting the highest weekly level since early 2001. This sent oil sharply lower, with gold following suit to a low of 799.50/800.50. However, the metal managed to tick higher throughout the rest of the session and ended up closing at 810.25/811.25.

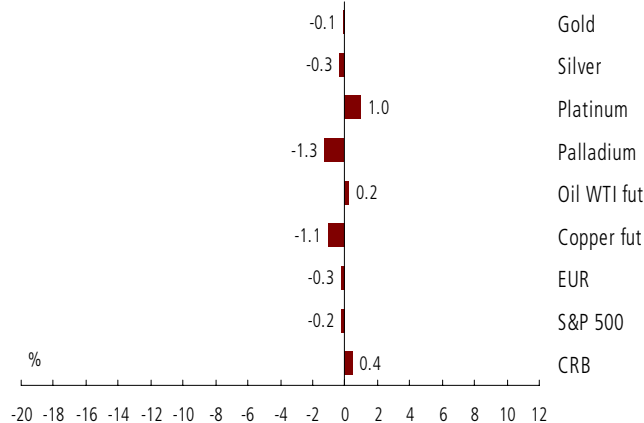
Silver opened at 1324/1328 in New York and slipped down to 1315 soon after. The metal followed gold's bounce and hit a high of 1325/1329, but then moved sideways for most of the morning. Prices plummeted as oil lost ground, reaching a low of 1280/1284 where it received support. Silver climbed higher near the end of the session, finally closing at 1303/1307.

Technical Commentary

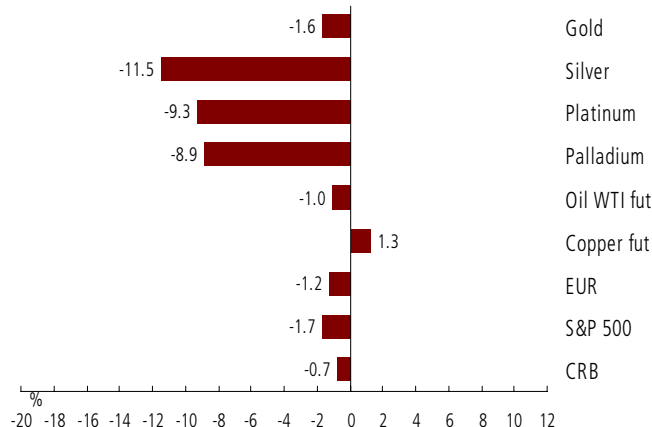
Gold tried to move lower today, but the late rally suggests a temporary bottom is in place. Friday's low of 773.50 was an overshoot. Our ability to hold above 801 today is setting up a move back toward 837. The market is scared of getting caught long which means we will likely see gold in the 830's before the market turns bullish. 846 is a key pivot as it was November's high and April's low. The ability to hold below 846 over the next couple of weeks opens up a deeper correction to 642 (the 100% retracement of the 1-year range).

Silver has traded below 13.00 on each of the last four trading days, but in all cases the unit managed to close back above 13.00. Friday's low of 12.41 is viewed as a short term bottom and the unit should bounce to 14.08, and possibly 15.11 (the 23.6% and 31.8% Fibonacci retracements of the recent 1-month drop). Gold continues to outperform silver with a high in the ratio seen at 62.57. I suspect we should see a drop in the gold/silver ratio in the coming days to the 60 area on a catch up

1-Day Commodity Moves



5-Day Commodity Moves



8/20/08 14:34 - Time above charts last updated - Source: Bloomberg

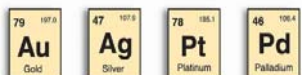
Gold, Silver, Platinum & Palladium

	Gold	Silver	Platinum	Palladium
Open	815.75/816.75	13.24/13.28	1,361	286.75
High	817.50/818.50	13.25/13.29	1,384	292.00
Low	799.50/800.50	12.80/12.84	1,349	278.25
Close / Last Mid*	810.25/811.25	13.03/13.07	1,374	282.75
London Fix AM	806.75	13.270	1,357	285.00
London Fix PM	815.75	-	1,365	283.00
Handy Harman (Base)	815.75	13.025	1,365	283.00
Gold / Silver Ratio	61.5	NA	NA	NA
Open Interest	Gold OI	One day ch	Silver OI	One day ch
COMEX	372,968	4,440	135,025	(3,915)
CBOT	<u>11,171</u>	<u>(354)</u>	<u>3,181</u>	<u>(59)</u>
Total	384,139	4,086	138,206	(3,974)

Technical Levels, etc.

	Gold	Silver	Platinum	Palladium
Pivot	804.49	13.052	1,360	281.92
Primary Support (Buy)	790.51	12.678	1,328	271.83
Primary Resistance (Sell)	825.92	13.573	1,414	294.58
HBOP	861.33	14.468	1,501	317.33
LBOP	755.10	11.783	1,241	249.08
Bollinger Band Upper	962.79	19.162	1,851	416.65
Bollinger Band Mid	865.11	15.720	1,577	341.40
Bollinger Band Lower	767.43	12.278	1,303	266.15
Relative Strength 14 Day	34	25	24	19

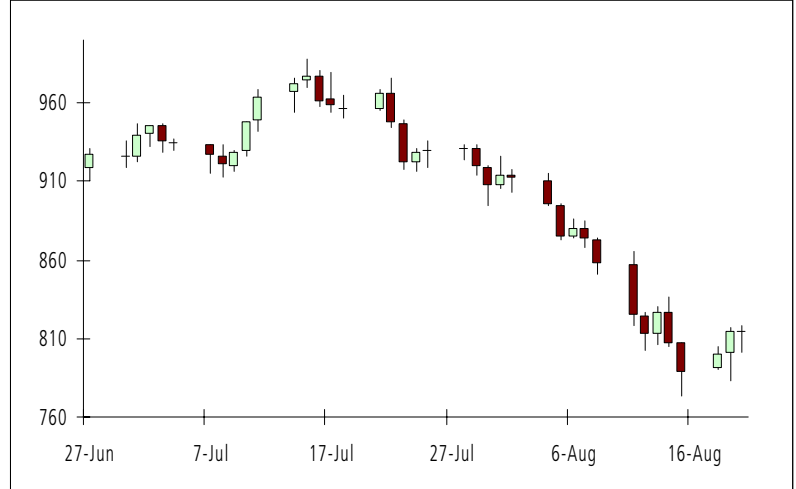
Close/last mid refers to the spot closing floor price in gold and silver, and spot's last mid price as provided by Bloomberg in platinum & palladium spot
 All other data provided by Bloomberg. Actual market levels may have differed.



Gold: 2-Year Close with Moving Averages



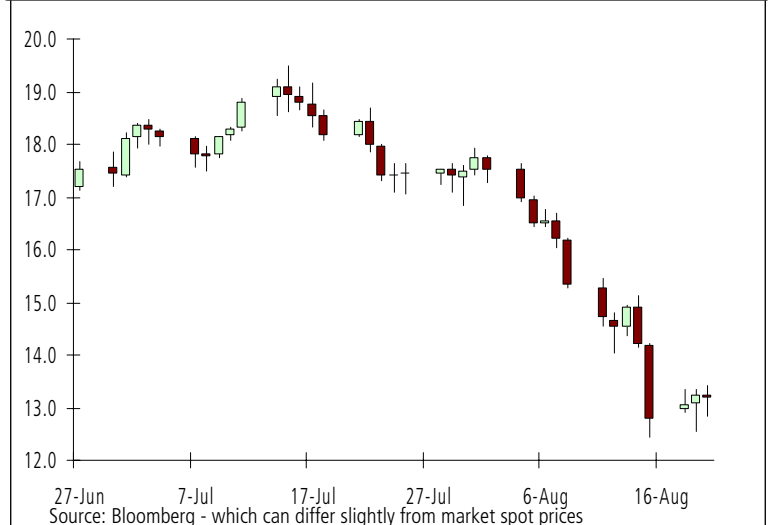
Gold: 2-Month Candlesticks



Silver: 2-Year Close with Moving Averages



Silver: 2-Month Candlesticks



Moving Averages

	Gold	Silver	Platinum	Palladium
5 Day MA	804.39	13.280	1,398	289.65
10 Day MA	821.46	14.200	1,464	308.57
20 Day MA	865.11	15.720	1,577	341.40
30 Day MA	895.64	16.620	1,689	369.97
60 Day MA	897.72	16.940	1,859	410.29
100 Day MA	899.40	17.100	1,928	423.29
200 Day MA	891.66	16.790	1,835	417.85

FX Majors

CAD	1.0616
EUR	1.4743
GBP	1.8622
CHF	1.0991
AUD	0.8718
ZAR	7.7638
JYP	109.82
as of:	8/20/2008 15:25

Markets

CRB	391.33
DJAIG	191.72
Crude (fut)	114.98
S&P 500	1,267.20
US 10 Yr	3.78
US 30 Yr	4.43
CDN 10 Yr	3.57
as of:	8/20/2008 15:25

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