

PRECIOUS METALS (GOLD & SILVER)

September 05-10, 2005

MAJOR ACTIVITY HIGHLIGHTS

- The gold December contract at the COMEX on the last trading day of the week ended up \$2.30 at \$453.0 per ounce. For the week the yellow metal added \$4.50 or 1 per cent to its previous week level.
- Silver December contract also managed to gain 3.7 cents to close at \$7.065 per ounce. Silver closed the week with marginal loss.
- The dollar edged down 0.1% against Europe's common currency; the euro was quoted at \$1.2408. The buck hit a three-month low of \$1.2589 just after deadly Katrina ravaged the U.S. Gulf coast. At last check, the dollar was down 0.7% at 109.75 yen.
- Crude for October delivery closed at \$64.08 a barrel on the New York Mercantile Exchange, down 41 cents for the session and down \$3.49 for the week.
- Fueled by energy, prices of imported goods up 1.3% in August, the most since March. The four-week average of new claims rose by 2,000 to 318,500, the highest in seven weeks.
- U.S. consumer credit rose by \$4.4 billion or 2.45 per cent according to the Federal Reserve.

PRICES

Spot Rate of Silver (Delhi Spot: Rs/Kg; London Spot: Cents/Troy Ounce) (One Troy Ounce = 31.10347 Grams)

| Date | Delhi | London |
|----------------|----------|--------|
| Sept. 05, 2005 | 10486.00 | 707.50 |
| Sept. 06, 2005 | 10474.00 | 702.50 |
| Sept. 07, 2005 | --- | 702.00 |
| Sept. 08, 2005 | 10514.00 | 704.00 |
| Sept. 09, 2005 | 10476.00 | 698.50 |
| Sept. 10, 2005 | 10489.00 | --- |

Spot Rate of Gold (Mumbai Spot: Rs/10 Gm; London Spot: Cents/Troy Ounce)

| Date | Mumbai | London (am fix) | London (pm fix) |
|----------------|---------|-----------------|-----------------|
| Sept. 05, 2005 | 6406.00 | 445.60 | 446.05 |
| Sept. 06, 2005 | 6402.00 | 443.50 | 444.15 |
| Sept. 07, 2005 | --- | 444.50 | 445.05 |
| Sept. 08, 2005 | --- | 444.80 | 448.55 |
| Sept. 09, 2005 | 6432.00 | 446.70 | 448.25 |
| Sept. 10, 2005 | 6465.00 | --- | --- |

Silver Futures (Rs/Kg)

| Date | NCDEX SEP Contract of Silver | NCDEX Chandi 30 kg Silver SEPT Contract |
|----------------|------------------------------|---|
| Sept. 05, 2005 | 10525.00 | 10325.00 |
| Sept. 06, 2005 | 10550.00 | 10401.00 |
| Sept. 07, 2005 | --- | --- |
| Sept. 08, 2005 | 10494.00 | --- |
| Sept. 09, 2005 | 10522.00 | --- |
| Sept. 10, 2005 | 10516.00 | --- |

Gold Futures (COMEX-\$/Ounce; NCDEX- Rs/10 gm)

| Date | COMEX DEC. Contract | NCDEX Gold SEP Contract | NCDEX Sona 1 kg OCT. |
|----------------|---------------------|-------------------------|----------------------|
| Sept. 05, 2005 | --- | 6382.00 | 6201.00 |
| Sept. 06, 2005 | 448.6 | 6388.00 | 6201.00 |
| Sept. 07, 2005 | 449.0 | --- | --- |
| Sept. 08, 2005 | 450.7 | 6418.00 | 6201.00 |
| Sept. 09, 2005 | 453.0 | 6442.00 | 6201.00 |
| Sept. 10, 2005 | --- | 6450.00 | 6201.00 |

SUPPLY AND DEMAND STATISTICS of GOLD (LATEST)

| Particulars | 2003 | 2004 | % Change 2004vs03 | Q1'04 | Q2'Q4 | Q1'05 | Q2'05 | % Change Q4'04 vs. Q4'03 | % change H1'05 vs H1'04 |
|--------------------------------------|-------|-------|----------------------|-------|-------|-------|-------|-----------------------------|----------------------------|
| Supply | | | | | | | | | |
| Mine Production | 2,593 | 2,464 | -4.9 | 573 | 605 | 596 | 620 | 2.5 | 3.2 |
| Net Producer Hedging | -270 | -428 | 58.3 | -65 | -107 | -22 | -85 | ... | ... |
| Total Mine Supply | 2,322 | 2,036 | -12.3 | 508 | 497 | 574 | 535 | 7.5 | 10.3 |
| Official Sector Sales | 617 | 478 | -22.6 | 119 | 79 | 258 | 147 | 85.9 | 104.9 |
| Old Gold Scrap | 939 | 828 | -11.9 | 235 | 206 | 216 | 213 | 3.2 | -2.8 |
| Total Supply | 3,879 | 3,342 | -13.8 | 861 | 783 | 1,048 | 895 | 14.3 | 18.2 |
| Demand | | | | | | | | | |
| Jewellery fabrication | 2,481 | 2,611 | 5.2 | 602 | 671 | 714 | 755 | 12.5 | 15.3 |
| Industrial and dental | 379 | 408 | 7.5 | 100 | 108 | 99 | 112 | 3.6 | 1.2 |
| Net retail investment | 292 | 343 | 17.5 | 83 | 86 | 119 | 111 | 28.6 | 35.8 |
| Exchange Traded Funds And Similar | 39 | 133 | 236.9 | 16 | 5 | 89 | -2 | ... | 309.3 |
| Total identifiable demand | 3,191 | 3,494 | 9.5 | 803 | 870 | 1,021 | 976 | 12.2 | 19.4 |
| Balance | 687 | -152 | ... | 59 | -88 | -34 | 47 | | |

Figures in Tonnes

Source: WGC

FUNDAMENTAL ANALYSIS

Crude futures declined 5 per cent on the week on the progress of the recovery work going on in the hurricane-devastated Gulf of Mexico. The demand is also projected to be lower in the near term. The IEA also reduced its worldwide 2005 demand growth forecast by 250,000 barrels a day to 1.35 million -- pegging global consumption at an average of 83.48 million barrels per day. However the long-term outlook of crude is still bullish and this is providing some support to gold.

Though the dollar fell on Friday, the US currency remained on the upper side for the most of the days. There was pressure however, on the dollar on the expectation that the Federal Reserve may pause increasing the interest rate due to the damage made by the Hurricane. However, the stronger dollar could not pressurise the yellow metal.

Spot rates of gold improved during the week in London as well as in Mumbai significantly. At the NCDEX the gold kg futures improved during the later half of the week along with the COMEX futures. The movement remained steady.

Silver prices remained weak this week in the futures as well as in the spot markets. The NCDEX futures along with the COMEX declined mainly during the weekend. The London spot rates also declined.

Gold futures continued the gain for the seven consecutive days. The December gold futures at the COMEX added \$2.30 to close at \$453.0 per ounce. The gold kg contract at the NCDEX also improved yesterday. Strong demand, higher crude prices provided support to the yellow metal. For the week gold December contract at the COMEX added \$4.50. Today also at the NCDEX the metal remained strong. Silver recovered some losses yesterday. The metal improved at the OCMEX and also at the domestic markets. At the COMEX the December contract added 3.7 cents to close at \$7.065 per ounce, marginally down from the last week's close. At the NCDEX also the September contract gained. Today however, the metal remained weak at the NCDEX. The strong demand that showed in the world gold council report provided support to the metal. The yellow metal is likely to remain strong in the coming week too. Any weakness in the dollar may boost the metals further. The range-bound movement in the silver prices may continue in the coming week too.

Watch-outs for Next Week: Trade gap, PPI, CPI, Retail sale, Industrial Production, Empire state etc.

Exchange Rate in INR

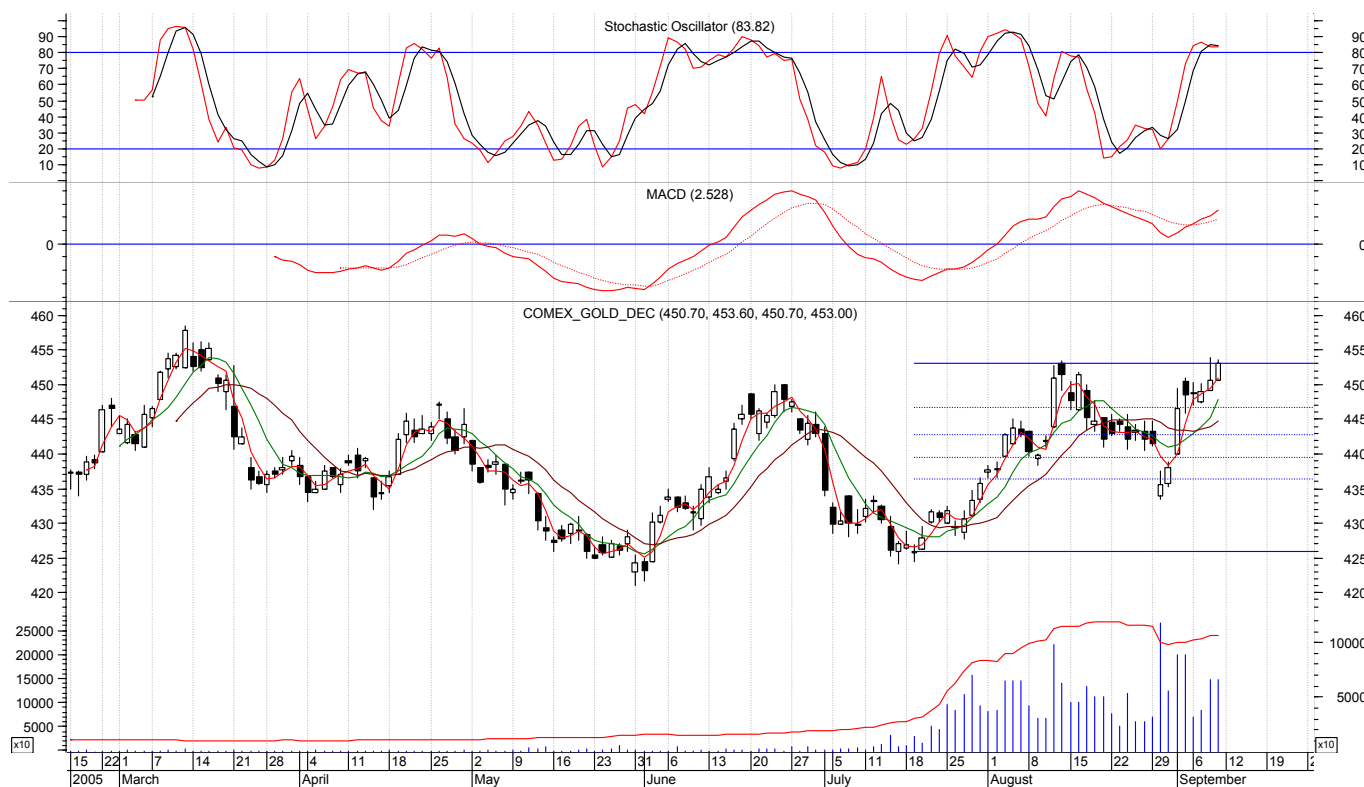
| Currency | 05/09 | 06/09 | 08/09 | 09/09 |
|----------|-------|-------|-------|-------|
| 1 USD | 43.74 | 43.86 | 43.86 | 43.81 |
| 1 Euro | 54.94 | 54.78 | 54.53 | 54.48 |
| 1 GBP | 80.75 | 80.69 | 80.57 | 80.57 |
| 100 Yen | 40.04 | 40.09 | 39.77 | 39.64 |

TECHNICAL ANALYSIS

Commodity: GOLD

Contract: COMEX December Contract (GCZ05)

Term: Short-term (Weekly)



The indicators are showing the strength in the prices to continue in the coming week too.

Recommendation: Remain long.

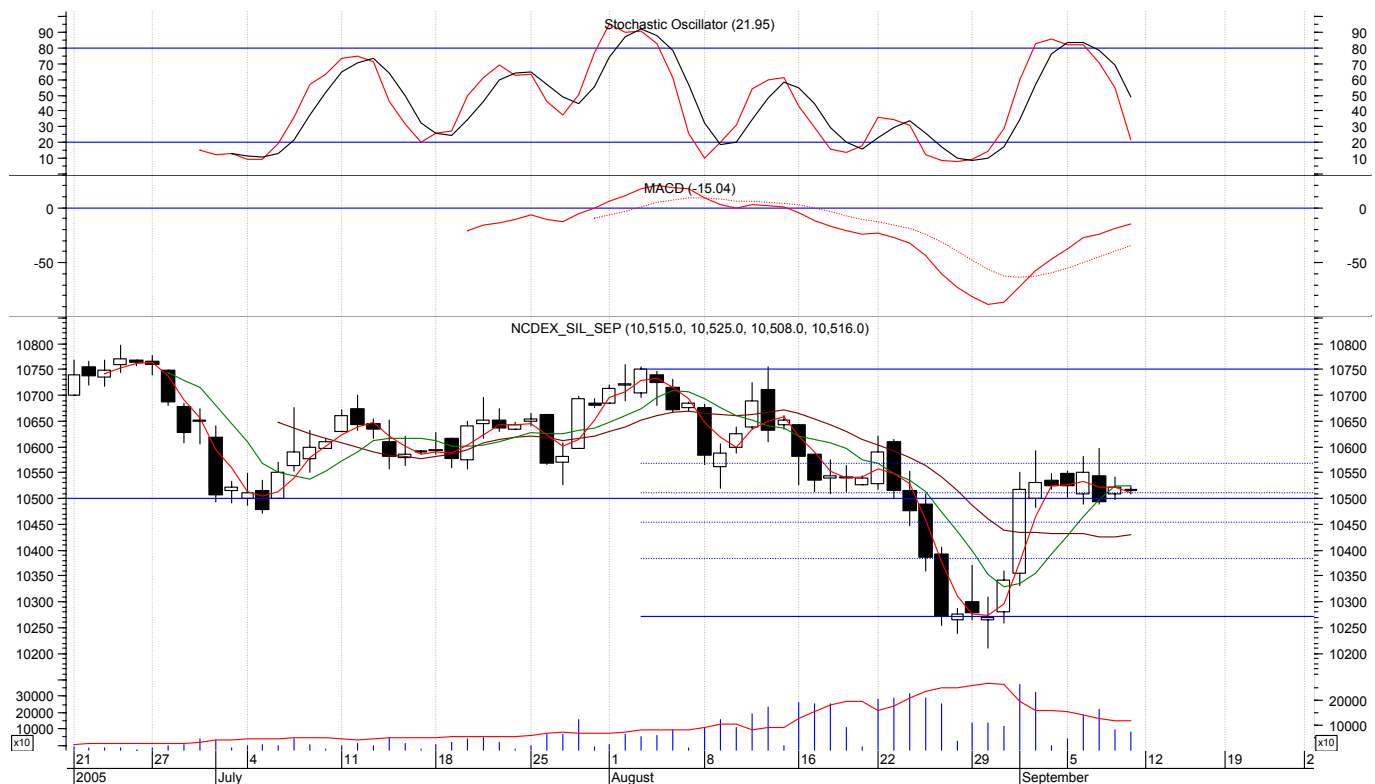
Support and resistance Levels

| Contract | S-1 | S- 2 | R- 1 | R - 2 |
|----------------|-------|-------|-------|-------|
| COMEX December | 449.0 | 445.0 | 455.0 | 457.0 |
| NCDEX August | 6418 | 6406 | 6460 | 6475 |

Stop-loss at Rs 6430 at the NCDEX and \$448 at the COMEX.

It is always recommended to include gold in portfolio. The reason is its negative correlation with other financial assets. It is very hard to find any asset negatively correlated to other assets like gold is. So by including gold in portfolio one can diversify one's portfolio and reduce risk. Return per unit of risk in such portfolio is usually high.

Commodity: SILVER
 Contract: NCDEX September Contract
 Periodicity: Weekly



The indicators are pointing towards the indecisiveness for the near-term. There may be an improvement in the next week.

Recommendation: Remain long.

Support and resistance Levels

| Contract | S-1 | S- 2 | R- 1 | R - 2 |
|-----------------|-------|-------|-------|-------|
| NCDEX September | 10500 | 10453 | 10531 | 10589 |

Stop loss at 10485 mark.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.