

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures closed higher on the last trading day of the week on weaker dollar and warming crude prices. Gold for August delivery on the New York Mercantile Exchange traded in the range of \$579.1-618 during the week before closing at \$616 per ounce at a gain of \$28 (4.7%). Similarly, July gold at NCDEX also added smartly during the period. The contract accumulated Rs 478 at Rs 9266 (5.4%) during the period after trading in the range of Rs 8731-9280.
- Silver futures traded mostly on the positive side during the week before closing with hefty gains. The white metal futures for July delivery at NYMEX added 54.8 cents (5.3%) at \$10.833 an ounce. The futures traded in the range of 1002-1105 cents per ounce during the period. Similarly, June silver at NCDEX closed up Rs 997 at Rs 16789 after trading in the range of Rs 15481-16900 during the period.
- The greenback shed sharply during the week after Fed gave signals of the end of the tightening policy. The Fed increased interest rates by 25 bps to 5.25%, where some market players were expecting it to hike by 50 bps. Further, Euro gained against dollar as ECB is expected to hike the key interest rates further.
- The energy prices remained firm throughout the week on supply concerns in the hurricane season and geopolitical tensions. Crude for July delivery closed at \$73.93 a barrel on the New York Mercantile Exchange, up \$3.06 (4.3%) for the period, meanwhile it traded in the range of \$70.40-74.15 per barrel.
- ISM factory index inched lower to 53.8% in June from 54.4% in May. [Read full survey](#). This is the lowest level since last August.
- Spending on U.S. construction projects fell 0.4% in May to an annual rate of \$1.21 trillion, economists were expecting an increase of 0.2% in May.
- Consumer prices increased 0.4% in May, as measured by the personal consumption expenditure price index. Core prices increased 0.2% for the second straight month in May.
- The increase in prices left the growth in core inflation at a 2.1% pace, just above the Federal Reserve's target rate of 2%. The core consumer price index is up 2.4% in the past year.
- The Fed raised its key interest rate by 25 bps to 5.25%, as expected, and signaled that further rate hikes would depend on the outlook for inflation and growth.

PRICES

Spot Rate of Silver (Delhi Spot: Rs/Kg; London Spot: Cents/Troy Ounce) (1ounce = 31.10347 gms)

Date	Delhi	London
26 June 2006	15840.00	1036
27 June 2006	15926.60	1026
28 June 2006	15998.40	1038
29 June 2006	15922.50	1038
30 June 2006	16434.00	1070
01 July 2006	16896.20	*****

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

Date	Mumbai0	London (am fix)	London (pm fix)
26 June 2006	8847.65	586.25	583.50
27 June 2006	8898.60	587.70	588.75
28 June 2006	8843.35	584.0.	582.75
29 June 2006	8796.10	581.75	589.25
30 June 2006	9041.25	600.40	613.50
01 July 2006	9245.30	*****	*****

Silver Futures (Rs/Kg)

Date	NCDEX -SILVER (July Contract)	COMEX -SILVER (July Contract)
26 June 2006	15730	1024.0
27 June 2006	15770	1019.5
28 June 2006	15682	1015.5
29 June 2006	15891	1033.3
30 June 2006	16692	1083.3
01 July 2006	16789	****

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

Date	COMEX -GOLD (Aug Contract)	NCDEX-GOLD (July Contract)
26 June 2006	587.7	8838
27 June 2006	584.4	8814
28 June 2006	581.0	8767
29 June 2006	588.9	8852
30 June 2006	616.0	9207
01 July 2006	***	9266

GOLD DEMAND STATISTICS (LATEST)

Particulars	2004	2005	% Change 2005vs04	Q4'04	Q1'05	Q2'05	Q3'05	Q4'05	% Change Q4'05 vs. Q4'04
Demand (Tonnes)									
Jewellery fabrication	2618.1	2736.2	5	799.5	693.4	740.1	619.5	683.2	-15
Industrial and dental	409.8	418.5	2	99.3	98.2	111.5	105.5	103.3	4
Net retail investment	343.4	396.2	15	96.0	124.3	109.5	84.8	77.6	-19
Exchange Traded Funds And Similar	132.6	203.4	53	113.4	88.5	-1.6	37.5	79.0	-30
Total identifiable demand	3504	3754.3	7	1108.2	1004.5	959.5	847.3	943.0	-15
Demand (\$ m)									
Jewellery fabrication	34441	39099	14	11151	9527	10170	8758	10636	-5
Industrial and dental	5391	5980	11	1386	1349	1533	1491	1607	16
Net retail investment	4518	5661	25	1339	1709	1504	1199	1208	-10
Exchange Traded Funds And Similar	1745	2907	67	1582	1217	-22	531	1229	-22
Total identifiable demand	46095	53647	16	15457	13802	13185	11978	14680	-5

Source: WGC

FUNDAMENTAL ANALYSIS

The precious metals saw strong jump in the prices towards the end of the week on the back of weaker dollar and high crude oil prices. The prices slipped slightly at the beginning of the week and then a sudden surge was observed after the Fed signaled the end of the tightening policy. High crude oil prices above \$73 per barrel marks also supported the higher prices of the precious metals.

The crude oil prices remained hot during the period as crude and gasoline stocks with US slipped unexpectedly this week. Further, supply fears due to Iranian situation and hurricanes also underpinned the prices. As the hurricane season is on, the supply concerns are increasing and the same is being factored in the prices. Crude for July delivery closed at \$73.93 a barrel on the New York Mercantile Exchange, up \$3.06 (4.3%) for the period, meanwhile it traded in the range of \$70.40-74.15 per barrel. We don't expect any strong surge in crude prices at this moment, provided there is no major disturbance on the supply side at the same time downside potential is also limited.

The greenback slipped sharply during the week against its major counterparts as the Fed's statement after the meeting was assumed less hawkish than expected by the market. The Fed raised its key interest rate by 25 bps to 5.25%, as expected, and signaled that further rate hikes would depend on the outlook for inflation and growth. Now, the market is expecting the end of the tightening policy is coming to an end. Further, the economic data released this week were least supportive for the greenback and indicated

slowing down in the largest economy. In addition to this, the currency markets are expecting ECB to hike its key interest rates. Bank of Japan is also expected to hike interest rates shortly. So, the scenario seems unfavourable for the buck. The fate of the currency (dollar) will now depend on the payroll data, which will be released on this Friday. Until then it is likely to hover on the weaker side.

Thus, weakness in the greenback, on interest rate outlook and some poor economic data, alongwith warmth in the crude oil prices kept the yellow metal climbing during the week. Further, the talks in the market that China and UAE are planning to buy gold for their reserves also supported the sentiments in the yellow metal. Gold for August delivery on the New York Mercantile Exchange traded in the range of \$579.1-618 during the week before closing at \$616 per ounce at a gain of \$28 (4.7%). Similarly, July gold at NCDEX also added smartly during the period. The contract accumulated Rs 478 at Rs 9266 (5.4%) during the period after trading in the range of Rs 8731-9280. Silver followed the movements in the yellow metal. The white metal futures for July delivery at NYMEX added 54.8 cents (5.3%) at \$10.833 an ounce. The futures traded in the range of 1002-1105 cents per ounce during the period. Similarly, June silver at NCDEX closed up Rs 997 at Rs 16789 after trading in the range of Rs 15481-16900 during the period.

The precious metals' (gold and silver) market seems recovering and is likely to trade slightly volatile with bullish bias.

Commodity: GOLD

Contract: NCDEX JULY Contract (NCGLKN6)

Term: Short-term (Weekly)



Technical Analysis:

MACD is moving sluggishly above its signal line indicating weak bullish momentum. Stochastic is moving upward in the neutral region, which indicate some bullishness in the market sentiments. Close above 9 days and 18 days EMA favors bulls. Overall the indicators are depicting slightly bullish sentiments in the market.

Recommendation: The prices have shown some recovery, but clear bullish trend has still not established. Some volatility in the prices is expected. Buy on major dips.

Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX Aug'06	589.5	580.0	628.5	642.4
NCDEX July'06	8883	8751	9432	9630

Commodity: SILVER

Contract: NCDEX July Contract

Periodicity: Weekly



Technical Analysis

MACD is moving sluggishly above its signal line indicating weak bullish momentum. Stochastic is moving upward in the neutral region, which indicate some bullishness in the market sentiments. Close above 9 days and 18 days EMA favors bulls. Overall the indicators are depicting slightly bullish sentiments in the market.

Recommendation: The prices have shown some recovery, but clear bullish trend has still not established. Some volatility in the prices is expected. Buy on major dips.

Support and resistance Levels

Contract	S-1	S-2	R-1	R-2
NCDEX July'06	15850	15510	17269	17780 1

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.

