

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures slipped remained volatile during the week on changing scenes in energy and currency markets. Gold for October delivery settled up \$9.1 at \$624.9 on the New York Mercantile Exchange, a gain of 1.47% on the week. The contract traded mostly in the range of \$615.6-633.8 during the period. Similarly, September gold at NCDEX also closed the week with some minor gains at Rs 9548 up Rs 101 (1.06%), after trading in the range of Rs 9480-9640.
- Silver futures at NYMEX edged higher during the period following gold. The white metal futures for September delivery at NYMEX added 34 cents (2.8%) at \$12.37 an ounce. The futures traded in the range of 1203-1268 cents per ounce during the period. Similarly, September silver at NCDEX closed at Rs 19187 after adding Rs 351 (0.65%). The contract traded in the range of Rs 18792-19451.
- The dollar got back some strength during the week as the economic data showed some good chances of Fed hiking interest rate further. Euro closed the week with losses against dollar at \$1.27.53 after trading in the range of \$1.27235-1.2937. Dollar also strengthened against Yen during the period and traded mostly firm in the range of 115.335-117.39 Yen. The currency closed the week at 117.26 Yen as compared to 115.76 Yen a week earlier.
- The energy traded volatile during the week on the mixed sentiments before closing with some marginal gains. Geopolitical situation, hurricane fears and bearish supply data were there to guide the prices during this period. Crude for October delivery closed the week with a gain of 41 cents (0.56%) at \$72.51 per barrel mark. Meanwhile the contract traded in the range of \$71.10-73.75.
- Sales of new homes dropped 4.3% in July to a seasonally adjusted annual rate of 1.07 million. New-home sales are down 21.6% in the past year, the biggest drop since late 1994.
- New orders for U.S.-made durable goods fell 2.4% in July on a big decline in orders for transportation goods. Excluding the 9.6% drop in transportation goods, durable-goods orders rose 0.5%, marking the 10th such increase in the past 12 months.
- U.S. claims for unemployment benefits fell by 1,000 to 313,000 last week, the four-week average of new claims rose by 3,500 to 315,250.

PRICES

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

Date	Delhi	London
21 Aug 2006	18800.10	1224
22 Aug 2006	18790.20	1220
23 Aug 2006	18998.10	1242
24 Aug 2006	19161.20	1258
25 Aug 2006	19048.70	1240
26 Aug 2006	19079.00	*****

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

Date	Mumbai0	London (am fix)	London (pm fix)
21 Aug 2006	9446.30	621.50	625.00
22 Aug 2006	9524.80	626.50	622.75
23 Aug 2006	9496.55	623.50	628.10
24 Aug 2006	9486.50	623.50	623.75
25 Aug 2006	9492.15	622.00	621.25
26 Aug 2006	9476.45	*****	*****

Silver Futures (Rs/Kg)

Date	NCDEX -SILVER (Sept Contract)	COMEX -SILVER (Sept Contract)
21 Aug 2006	19197	1234.5
22 Aug 2006	19039	1226.5
23 Aug 2006	19259	1251.5
24 Aug 2006	19083	1231.0
25 Aug 2006	19165	1237.0
26 Aug 2006	19187	*****

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

Date	COMEX -GOLD (Oct Contract)	NCDEX-GOLD (Sept Contract)
21 Aug 2006	629.2	9589.0
22 Aug 2006	628.0	9559.0
23 Aug 2006	627.0	9562.0
24 Aug 2006	622.6	9520.0
25 Aug 2006	624.9	9544.0
26 Aug 2006	*****	9548.0

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 showed some mixed movements in search of direction this week. The currency market and crude prices were not giving clear signals for the yellow metal to follow. Some strength in crude prices towards the end of the week on hurricane fears supported the prices to some extent to close the week with marginal gains.

The crude oil traded volatile during the period as supply concerns kept underpinning the prices whereas bearish crude supply data pressured them. The prices climbed slightly higher towards the end of the week as first Hurricane of the season Ernesto caused supply fears in the energy market underpinning the prices. Also, situation in Nigeria and Iran kept supporting the prices. Meanwhile Prudhoe Bay oil field oil production dropped to half of its normal. However, comfortable supply data put pressure on the prices. The prices recouped slightly towards the end of the week as traders closed positions ahead of weekend. Crude for October delivery closed the week with a gain of 41 cents (0.56%) at \$72.51 per barrel mark. Meanwhile the contract traded in the range of \$71.10-73.75.

As it is a peak hurricane season, the volatility in the prices is on the cards and market will react to the every news related to the hurricane. Iran situation is also worth keeping attention. In July, the U.N. passed a resolution that gives Iran an Aug. 31 deadline to halt its activities or face unspecified sanctions. If Iran rejects the UN offer, it might face sanctions under such situation oil prices will shoot up. Further, Nigerian situation is also warming up with continued kidnapping of foreign oil workers. Such a situation is again an indicator for the higher oil prices.

Dollar recovered slightly during the period as market kept iterating the chances of further hike in interest rates by Fed in its next meeting and ahead. The currency firmed up

slightly against its major counterparts during the period. Euro closed the week with losses against dollar at \$1.27.53 after trading in the range of \$1.27235-1.2937. Dollar also strengthened against Yen during the period and traded mostly firm in the range of 115.335-117.39 Yen. The currency closed the week at 117.26 Yen as compared to 115.76 Yen a week earlier.

The currency is however likely to be hit down as market is expecting ECB to hike interest rate, which would narrow the interest rate advantage of the currency. Minutes of Fed meeting on August 8 will be important for the direction of the currency as it will reveal the future policy of the Fed regarding interest rate hike.

Thus, the market was mostly volatile on the mixed sentiments during the period with higher crude prices and slightly strong dollar. Geopolitical situation remained supportive for the metals. Gold for October delivery settled up \$9.1 at \$624.9 on the New York Mercantile Exchange, a gain of 1.47% on the week. The contract traded mostly in the range of \$615.6-633.8 during the period. Similarly, September gold at NCDEX also closed the week with some minor gains at Rs 9548 up Rs 101 (1.06%), after trading in the range of Rs 9480-9640. Similarly, the white metal also managed to close the week with some moderate gains, thanks to the supportive fundamentals. The white metal futures for September delivery at NYMEX added 34 cents (2.8%) at \$12.37 an ounce. The futures traded in the range of 1203-1268 cents per ounce during the period. Similarly, September silver at NCDEX closed at Rs 19187 after adding Rs 351 (0.65%). The contract traded in the range of Rs 18792-19451.

The precious metals' (gold and silver) market will be keenly eyeing geopolitical scene particularly Iranian situation,

movements in crude prices and currency markets for the

direction next week.

Commodity: GOLD

Contract: NCDEX Sept Contract (NCGLKN6)

Term: Short-term (Weekly)



Technical Analysis

Silver charts are not giving any clear signal at the moment. The MACD is running flat in the positive region showing weak bullish momentum. Stochastic is in favor of bulls at the moment. EMA pattern seems slightly supportive for bulls. Prices are likely to show volatile movements.

Recommendation: The prices are likely to see some volatility in search of direction. Buy on major dips.

Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX Oct'06	604.6	600.0	637.0	649.2
NCDEX Sept'06	9313	9257	9655	9713

Commodity: SILVER

Contract: NCDEX Sept Contract

Periodicity: Weekly



Technical Analysis

Silver charts are not giving any clear signal at the moment. The MACD is running flat in the positive region showing weak bullish momentum. Stochastic is on the verge of giving bearish signal in the neutral region. EMA pattern seems slightly supportive for bulls. Prices are likely to show volatile movements.

Recommendation: Buy on major dips near support levels.

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
NCDEX Sept'06	18505	18251	19393	19525

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