

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures showed roller coaster movements during the week but still managed to close with some gains. The hard currency danced to the tune of crude prices and movements in dollar. Gold for October delivery settled up \$8.2 at \$649.6 on the New York Mercantile Exchange, a gain of 1.2% on the week. The contract traded volatile in the range of \$634.8-662.5 during the period. Similarly, August gold at NCDEX also traded quite volatile in the range of Rs 9601-9968 before closing the week with a gain of Rs 159 (1.64%) at Rs 9935.
- Silver futures at NYMEX followed showed some extra strength than gold during the period and closed the week with some good gains supported by strong fundamentals. The white metal futures for September delivery at NYMEX added 112 cents (9.8%) at \$12.485 an ounce. The futures traded in the range of 1125-1265 cents per ounce during the period. Similarly, July silver at NCDEX closed up Rs 1413 (8.09%) at Rs 19102 after trading in the range of Rs 17480-19270 during the period.
- The dollar traded mostly weak during the week on gloomy expectations about interest rate hike and currency's interest rate advantage. Euro managed to close the week with gains against dollar at \$1.2875 after trading in the range of \$1.2719-1.2908. Dollar however showed volatile movements against Yen and managed to close with modest losses. Dollar closed the week slightly weak at 114.42 Yen as against 114.6 during the earlier week.
- The energy prices showed volatile movements during the period but still managed to close the week with some gains. Crude for September delivery surged to the highs of \$76.5 during early part of the week and then slipped to the lows of \$72.7 towards the end of the week. The contract closed with moderate gains of \$1.52 (2.07%) at \$74.76 per barrels.
- The U.S. economy added fewer-than-expected 113,000 nonfarm jobs in July and the unemployment rate rose to 4.8%, its highest level since February.
- Consumer credit outstanding grew by \$10.3 billion in June to \$2.186 trillion. Consumer credit rises at 5.7% annual rate in June.
- Growth in non-manufacturing sectors of the economy slow in July, with ISM index falling to 54.8% from 57.0%.
- Demand for U.S.-made factory goods up 1.2% as new orders for ships more than double.

PRICES

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

Date	Delhi	London
31 July 2006	17721.00	1144.0
01 Aug 2006	17630.25	1135.5
02 Aug 2006	18196.20	1175.0
03 Aug 2006	18581.30	1206.5
04 Aug 2006	18667.00	1220.0
05 Aug 2006	18766.00	***

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

Date	Mumbai0	London (am fix)	London (pm fix)
31 July 2006	9647.30	637.00	632.50
01 Aug 2006	9647.30	635.50	637.25
02 Aug 2006	9855.15	648.25	654.40
03 Aug 2006	9848.25	646.25	644.40
04 Aug 2006	9808.05	644.50	652.25
05 Aug 2006	9824.80	***	***

Silver Futures (Rs/Kg)

Date	NCDEX -SILVER (Aug Contract)	COMEX -SILVER (Sept Contract)
31 July 2006	17649	1137.00
01 Aug 2006	18120	1174.00
02 Aug 2006	18829	1224.50
03 Aug 2006	18627	1209.00
04 Aug 2006	19059	1248.50
05 Aug 2006	19102	****

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

Date	COMEX -GOLD (Oct Contract)	NCDEX-GOLD (Aug Contract)
31 July 2006	640.4	9659.00
01 Aug 2006	652.4	9814.00
02 Aug 2006	657.6	9924.00
03 Aug 2006	650.5	9833.00
04 Aug 2006	649.6	9830.00
05 Aug 2006	****	9835.00

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 remained volatile during the period in search of direction as swinging sentiments in currency markets and mixed economic data kept confusing the market. The metals finally managed to close the week with moderate gains. With volatile energy and currency markets the metals traded mostly directionless during the period. The white metal however was the leader during the period, whereas yellow metal followed it.

The crude oil prices climbed to astronomical high levels during the earlier part of the period on supply concerns in Middle East continue to haunt the market. The traders continued to nervously eye developments in the Middle East. Threats of Tropical storm Chris converting in to Hurricane gave wings to the energy price. However, the prices cooled off slightly after the storm weakened. Crude for September delivery surged to the highs of \$76.5 during early part of the week and then slipped to the lows of \$72.7 towards the end of the week. The contract closed with moderate gains of \$1.52 (2.07%) at \$74.76 per barrels.

The lingering supply fears is likely to keep the prices on the higher side with Iran rejecting United Nation's proposal to stop Uranium enrichment. Further, hurricane season is on and fears are there that supply shortages in case gulf coast is hit by it. Extremely hot weather conditions in U.S. are also a matter of concern as it is increasing the energy demand. The prices are at very high levels and thus volatility is likely depending upon the supply situation and geopolitical scene.

The forthcoming Fed meeting in August 8 was the main focus for the currency markets and thus the greenback fluctuated according to the interest rate expectations. Dollar traded mostly weak during the period as market expected the end of tightening cycle by Fed. Euro managed to close

the week with gains against dollar at \$1.2875 after trading in the range of \$1.2719-1.2908. Dollar however showed volatile movements against Yen and managed to close with modest losses. Dollar closed the week slightly weak at 114.42 Yen as against 114.6 during the earlier week. The currency market is divided on interest rate outlook. Pressured by some weak economic data during the week and easy labor market, Fed is likely to end its tightening policy and pause the interest rates at current levels. Slowing economic growth is a major reason for the Fed to take such decision. The accompanying statement after the meeting and interest rate decision will decide the fate of the currency.

Thus, the current geopolitical situation, higher crude prices and weaker dollar were all there to direct the yellow metal. Gold for October delivery settled up \$8.2 at \$649.6 on the New York Mercantile Exchange, a gain of 1.2% on the week. The contract traded volatile in the range of \$634.8-662.5 during the period. Similarly, August gold at NCDEX also traded quite volatile in the range of Rs 9601-9968 before closing the week with a gain of Rs 159 (1.64%) at Rs 9935. The white metal was one step ahead from the yellow metal this week and the futures gained smartly on strong fundamentals. The white metal futures for September delivery at NYMEX added 112 cents (9.8%) at \$12.485 an ounce. The futures traded in the range of 1125-1265 cents per ounce during the period. Similarly, July silver at NCDEX closed up Rs 1413 (8.09%) at Rs 19102 after trading in the range of Rs 17480-19270 during the period.

The precious metals' (gold and silver) market is likely to recover from the current position, provided the Fed meeting doesn't give any unexpected decision.

Commodity: GOLD

Contract: NCDEX Aug Contract (NCGLKN6)

Term: Short-term (Weekly)



Technical Analysis

MACD has turned flat and is well poised to go in either direction, signal is awaited. Stochastic is favoring bulls in the neutral region. Close just above 9 days and 18 days EMA favors bulls. Overall the indicators are depicting slightly mixed picture with bullish bias.

Recommendation: The prices are likely to show some volatility buy on dips.

Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX Oct'06	631.8	621.8	663.8	676.1
NCDEX Aug'06	9661	9573	10028	10160

Commodity: SILVER

Contract: NCDEX Aug Contract

Periodicity: Weekly



Technical Analysis

MACD is running upward showing further improvement in the market momentum. Stochastic has turned flat but it is yet to give bearish signal. Close just above 9 days and 18 days EMA favors bulls. Overall the indicators are depicting slightly mixed picture with bullish bias.

Recommendation: The prices are likely to show some volatility buy on dips.

Support and resistance Levels

Contract	S-1	S-2	R-1	R-2
NCDEX Aug'06	17937	17507	19297	19727

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