

## MAJOR ACTIVITY HIGHLIGHTS

- Gold futures slipped during the week pressured by stronger greenback and cooling off in crude prices. Gold for October delivery settled down \$22.3 at \$615.8 on the New York Mercantile Exchange, a loss of 3.5% on the week. The contract traded mostly weak in the range of \$610.2-637.0 during the period. Similarly, September gold at NCDEX also traded weak in the range of Rs 9340-9722 before closing the week with a loss of Rs 267 (2.75%) at Rs 9447 per 10 gm.
- Silver futures at NYMEX showed resistance to fall as directed by the yellow metal and managed to close the week with some moderate gains. The white metal futures for September delivery at NYMEX added 14.5 cents (1.2%) at \$12.03 an ounce. The futures traded in the range of 1175-1244 cents per ounce during the period. Similarly, September silver at NCDEX closed at Rs 18826 after adding Rs 123 (0.65%). The contract traded in the range of Rs 18400-19349.
- The dollar weakened during the week as tamer inflation data faded interest rate hike expectation by Fed. The currency was also hit by some weaker data hinting for slowing economy. Euro managed to close the week with gains against dollar at \$1.2823 after trading in the range of \$1.2694-1.28255. Dollar slipped against Yen during the period and traded mostly weak in the range of 115.17-116.73 Yen. The currency closed the week at 115.76 Yen as compared to 116.275 Yen a week earlier.
- The energy prices slipped on easing supply concerns as BP started production in half of the Prudhoe Bay oil field and strong supply data Crude for September delivery closed the week with a loss of 3.21 (4.3%) at \$71.14 per barrel mark. Meanwhile the contract traded in the range of \$69.60-73.95.
- U.S. consumer sentiments dipped in August to a lowest level since October. The UMich consumer sentiment index dropped to 78.7 in August from 84.7 in July.
- The composite index of leading economic indicators fell in July hinting for slowing U.S. economy. The index fell 0.1% in July after posting a 0.1% gain in June and a 0.5% decline in May, the research group said. Five of the ten indicators that make up the leading index fell in July, according to the Conference Board, an industry research group.
- Core consumer inflation eased back in July, rising just 0.2% after four months of 0.3% gains. However, soaring energy costs pushed the total CPI up 0.4% in July.
- The pace of new homes construction fell in July to the lowest level in nearly two years. Housing starts, tracking the nation's rate of construction on new homes, fell 2.5% last month to 1.8 million on a seasonally adjusted annual basis.

## PRICES

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

Date	Delhi	London
14 Aug 2006	18343.45	1176
15 Aug 2006	****	1199
16 Aug 2006	NA	1215
17 Aug 2006	18790.20	1228
18 Aug 2006	18592.20	1201
19 Aug 2006	18691.20	*****

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

Date	Mumbai0	London (am fix)	London (pm fix)
14 Aug 2006	9546.80	628	624.6
15 Aug 2006	****	624.75	625.5
16 Aug 2006	9571.90	626	629.75
17 Aug 2006	9571.90	630.75	625.5
18 Aug 2006	9367.55	614.75	613.9
19 Aug 2006	9354.60	*****	*****

## Silver Futures (Rs/Kg)

Date	NCDEX -SILVER (Sept Contract)	COMEX -SILVER (Sept Contract)
14 Aug 2006	18937	1188.5
15 Aug 2006	*****	1208.5
16 Aug 2006	19166	1228.5
17 Aug 2006	18720	1199.5
18 Aug 2006	18741	1203.0
19 Aug 2006	18826	****

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

Date	COMEX -GOLD (Oct Contract)	NCDEX-GOLD (Sept Contract)
14 Aug 2006	638.1	9633
15 Aug 2006	626.8	****
16 Aug 2006	632.9	9644
17 Aug 2006	619.3	9474
18 Aug 2006	615.8	9419
19 Aug 2006	*****	9447

## 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 with gold continuing its recent downward journey and silver bouncing back. Tamer than expected inflation data and some weak economic data showing slowing down in the largest economy pressured the yellow metal. Whereas,, silver was supported by favorable world silver survey report. Though the yellow metal tried to bounce towards the end of the week, it still ended with losses.

The crude oil prices continued their downward journey as supply concerns eased with Prudhoe Bay oil field started production and conflict between Israel-Labonon eased. Further, comfortable supply data also put pressure on the prices. As the prices were heated up on geopolitical tensions and supply concerns, the traders booked profit as situation seemed easing. Though, the situation in Nigeria and Iran supported the prices from falling sharply. The prices recouped slightly towards the end of the week as traders closed positions ahead of weekend. Also, market's focus came back to Iran and Nigeria, underpinning the prices. Crude for September delivery closed the week with a loss of 3.21 (4.3%) at \$71.14 per barrel mark. Meanwhile the contract slipped to the lows of \$69.60, however, the prices recovered as market focus returned to Iran and Nigeria issue. Iran issue again heated up over the weekend, with the country's foreign ministry saying the suspension of uranium enrichment will not be on the agenda of talks when Iranian negotiators sit down with western governments. Tehran is expected on Tuesday to formally reject a package of incentives to stop enriching uranium. In July, the U.N. passed a resolution that gives Iran an Aug. 31 deadline to halt its activities or face unspecified sanctions. 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 continued its recent weakness and slipped against its major counterparts during the week. Flurry of data showing slowing down in the largest economy pressured the green back during the period. Further, tamer than expected inflation data also hit hard the chances of Fed hiking interest rate. The greenback fell 0.8% versus the euro and 0.6% against the yen last week after benign core consumer and producer inflation readings dampened expectations that the Federal Reserve will raise interest rates again this year. Euro managed to close the week with gains against dollar at \$1.2823 after trading in the range of \$1.2694-1.28255. Dollar slipped against Yen during the period and traded mostly weak in the range of 115.17-116.73 Yen. The currency closed the week at 115.76 Yen as compared to 116.275 Yen a week earlier. The currency is likely to hit further with market expecting ECB to hike interest rate, which would narrow the interest rate advantage of the currency.

Thus, the improving geopolitical situation and weaker crude oil prices pressured the yellow metal during the period. Further, tamer inflation data also hit the yellow metal's demand as a hedge against inflation. Meanwhile, the hard currency negated the weakness in dollar. Silver, however, managed to bounce back during the period supported by favorable world silver survey report. Gold for October delivery settled down \$22.3 at \$615.8 on the New York Mercantile Exchange, a loss of 3.5% on the week. The contract traded mostly weak in the range of \$610.2-637.0 during the period. Similarly, September gold at NCDEX also traded weak in the range of Rs 9340-9722 before closing the week with a loss of Rs 267 (2.75%) at Rs 9447 per 10 gm. The white metal futures for September delivery at NYMEX added 14.5 cents (1.2%) at \$12.03 an ounce. The futures traded in the range of 1175-1244 cents per ounce during the period. Similarly, September silver at

NCDEX closed at Rs 18826 after adding Rs 123 (0.65%). The contract traded in the range of Rs 18400-19349.

The precious metals' (gold and silver) market is expected to recover from the current levels especially when the

geopolitical situation seems again heating up. Further, the market is due to respond to the weakness in greenback.

**Commodity: GOLD**

**Contract: NCDEX Sept Contract (NCGLKN6)**

**Term: Short-term (Weekly)**



#### Technical Analysis

Gold charts are portraying the current indecision in market sentiments. Momentum studies and EMA pattern are in favor of bears. Stochastic however, has flattened out in oversold territory with %D and %K lines converging. Prices are likely to see some recovery.

**Recommendation:** The prices are likely to recover from the current levels.

#### Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX Oct'06	613.9	604.6	637.0	649.2
NCDEX Sept'06	9349	9257	9731	9984

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 downwards below its signal line, showing weakness in the market sentiments. Multiple crossovers of %D and %K line are making signals less significant. EMA pattern is showing indecision in the market sentiments. Prices are likely to show volatile movements.

**Recommendation:** Remain long with caution.

#### Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
NCDEX Sept'06	18479	18251	19428	19676

#### 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.