

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures showed roller coaster movements during the week as a result of two opposing forces of weaker crude and weak greenback. Gold for October delivery settled marginally up \$1.7 at \$626.6 on the New York Mercantile Exchange. The contract traded in the range of \$610-6296 during the period. Similarly, September gold at NCDEX also closed the week with almost no gains at Rs 9541, after trading in the range of Rs 9326-9579.
- Silver negated the weakness in gold prices and surged further higher during the period, as investment demand for the metal is witnessing increasing trend these days. The white metal futures for December delivery at NYMEX added good 52.3 cents (4.16%) at \$13.07 an ounce. The futures traded in the range of 1202-1310 cents per ounce during the period. Similarly, September silver at NCDEX closed at Rs 19511 after adding Rs 324. The contract traded in the range of Rs 18582-19554.
- The dollar slipped against its major counterparts during the week as flurry of data released during the period indicated further softening in the U.S. economy and likely chances of Fed keeping the interest rates paused at current levels. Euro strengthened against dollar and was last traded at \$1.2835 as against \$1.2753 one week earlier, the currency traded in the range of \$1.27495-1.2878. However, dollar traded volatile against Yen in the range of 116.50-117.47 Yen during the period. The currency closed the week at 117.07 Yen as compared to 117.26 Yen a week earlier.
- The energy prices cooled off during the week as supply concerns looked easing. Easing geopolitical tensions, fading hurricane fears and bearish supply data were there to guide the prices downward during this period. Crude for October delivery closed the week with a loss of \$3.32 (4.58%) at \$69.19 per barrel mark. Meanwhile the contract traded in the range of \$68.65-72.20.
- U.S. nonfarm payrolls grew by 128,000 jobs in August, as expected, the unemployment rate dipped to 4.7% in August from 4.8% in July. Core consumer inflation rose 0.1% in July, the smallest gain since December. Economists were expecting a 0.2% gain, in the past year, core prices are up 2.4%, matching the biggest gain in 11 years.
- The Institute for Supply Management's national factory index inched lower to 54.5% in August from 54.7% in the previous month. U.S. consumer sentiment improved in late August as gasoline prices cooled off. The final August UMich consumer sentiment index rose to 82.0 from 78.7 in early August, but the index was down from a reading of 84.7 in July, the economists were expecting it to about 79.3.
- Spending on U.S. construction projects fell by 1.2% in July, whereas spending on home-building fell by 2.0% in July, the lowest rate since March 2005, another sign of the slowing housing market that has cooled the pace of the overall economy.

PRICES

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

Date	Delhi	London
28 Aug 2006	19087.80	***
29 Aug 2006	18810.70	1214
30 Aug 2006	19000.00	1222
31 Aug 2006	19238.10	1260
01 Sept 2006	19386.65	1275
02 Sept 2006	19431.80	****

Silver Futures (Rs/Kg)

Date	NCDEX -SILVER (Sept Contract)	COMEX -SILVER (Dec Contract)
28 Aug 2006	18816	1219.7
29 Aug 2006	18901	1232.2
30 Aug 2006	19140	1267.0
31 Aug 2006	19401	1303.0
01 Sept 2006	19523	1307.0
02 Sept 2006	19511	****

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

Date	Mumbai0	London (am fix)	London (pm fix)
28 Aug 2006	****	****	****
29 Aug 2006	9386.00	616.85	613.4
30 Aug 2006	9345.80	614.7	617.75
31 Aug 2006	9461.35	621.75	623.5
01 Sept 2006	9496.55	624	621.05
02 Sept 2006	9491.05	****	****

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

Date	COMEX -GOLD (Oct Contract)	NCDEX-GOLD (Sept Contract)
28 Aug 2006	618.0	9427
29 Aug 2006	613.2	9385
30 Aug 2006	620.2	9449
31 Aug 2006	628.2	9544

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 witnessed mixed movements this week with gold contained by weaker crude and softening economic growth, whereas silver bouncing on good investment demand and strong fundamentals. Generally these two moves in conjunction, but investors these days are preferring silver to gold. The crude prices eased during the week thanks to easing supply concerns as no disruption to the oil facilities were caused by the hurricanes.

The crude oil traded volatile during the period before finally closing the week with moderate losses. The prices tried to firm up on fears of sanctions on Iran, as the country failed to comply with the UN deadline to suspend uranium enrichment. However, the prices then dipped further as UN extended deadline for 15 more days. The prices also slipped as hurricane John and Ernesto weakened and fears of disruptions to oil facilities eased. A week earlier the prices edged higher on supply concerns due to hurricanes and possible sanctions on Iran. But, as these two factors eased the market discounted the premiums this week. Crude for October delivery closed the week with a loss of \$3.32 (4.58%) at \$69.19 per barrel mark. Meanwhile the contract traded in the range of \$68.65-72.20.

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 and developments in this front would be important for the further price movements. The EU agreed at the weekend to give Iran two more weeks to clarify its nuclear stance as UN secretary general Kofi Annan held talks with

hardline Iranian President Mahmoud Ahmadinejad.

Dollar slipped slightly during the period as economic data suggested that growth in the largest economy is softening, fading the chances of further hike in interest rates by Fed in its next meeting. The currency weakened slightly against its major counterparts during the period. Euro strengthened against dollar and was last traded at \$1.2835 as against \$1.2753 one week earlier, the currency traded in the range of \$1.27495-1.2878. However, dollar traded volatile against Yen in the range of 116.50-117.47 Yen during the period. The currency closed the week at 117.07 Yen as compared to 117.26 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.

Thus, the precious metal market was mixed during the period with gold and silver not moving in conjunction. The white metal took its cue from the other metals and climbed higher, also the metal is witnessing some good investment demand to back up the higher prices these days. However, the yellow metal was contained by the softer crude prices and sluggish economic growth as projected by the data released during the period. Gold for October delivery settled marginally up \$1.7 at \$626.6 on the New York Mercantile Exchange. The contract traded in the range of \$610-6296 during the period. Similarly, September gold at NCDEX also closed the week with almost no gains at Rs 9541, after trading in the range of Rs 9326-9579. Against

this white metal futures for December delivery at NYMEX added good 52.3 cents (4.16%) at \$13.07 an ounce. The futures traded in the range of 1202-1310 cents per ounce during the period. Similarly, September silver at NCDEX closed at Rs 19511 after adding Rs 324. The contract traded in the range of Rs 18582-19554.

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. Silver seems on the upward path, whereas, gold will be needing some support from the crude prices and dollar to move up.

Commodity: GOLD

Contract: NCDEX Sept Contract (NCGLKN6)

Term: Short-term (Weekly)



Technical Analysis

Gold is finding it difficult to move unidirectional and prices are in trading phase these days. The prices continue to move sideways, as market still seems in search of direction. MACD has turned flat showing absence of strong momentum in the market. Stochastic however, is giving bullish signal in the neutral region. EMA pattern is slightly in favor of bulls. Prices might see 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	R2
COMEX Oct'06	614.6	602.8	637.0	649.2
NCDEX Sept'06	9472	9388	9655	9731

Commodity: SILVER

Contract: NCDEX Sept Contract

Periodicity: Weekly



Technical Analysis

Silver charts are showing strength in the market. MACD is heading upward in positive zone showing strength in the bullish momentum. Stochastic is running upward in neutral region, which favors bulls. Further, EMA pattern also is in favor of bulls. Prices are likely to remain positive.

Recommendation: Remain long with caution.

Support and resistance Levels

Contract	S-1	S-2	R-1	R-2
NCDEX Sept'06	19215	18876	19841	20180

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.

