

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures recovered steadily during this week on weakening dollar and expected improvement in physical demand. The precious metals took advantage of sharp fall in greenback this week to break the trader's remorse. Range bound movements in crude prices however limit the gains. Gold for December delivery on the New York Mercantile Exchange settled up \$16.1 at \$638.6 an ounce levels. The contract traded mostly firm in the range of \$ 629-640.5 during the period. February gold at MCX also followed the cue and added Rs 163 (1.76%) during the period at Rs 9391 per 10 gm, meanwhile the contract traded in the range of Rs 9225-9395.
- Silver market also saw steady improvement during most part of the week encashing weakness in dollar and slight firmness in gold. The white metal futures for December delivery at NYMEX added 67 cents (5.2%) at \$13.47 an ounce during the period. Meanwhile the contract traded in the range of \$12.73-13.495. Similarly, March silver at MCX closed up Rs 720 (3.67%) at Rs 20321 per kg. The contract traded in the range of Rs 19550-20349.
- The greenback slipped sharply against the major counterparts this week on the concerns of interest rates cut by Fed, further interest rate hike expectations by ECB also hammered the greenback down. Euro traded as high as \$1.3108 Friday against \$1.2825 last Friday. Dollar also weakened against Yen and traded as low as 115.57 Yen per dollar on Friday as compared to 117.725 a week ago.
- The energy prices bounced back above \$60 a barrel mark during the holiday shortened week at NYMEX. Crude oil prices got support from the supply concerns in Nigeria and tensions over Iran issue, however the gains were checked by the warmer than normal weather in US. Crude for December delivery traded between \$57.97-60.40 before finally closing at \$59.90.
- U.S.Consumer sentiment weakened slightly in late November. The UMich consumer sentiment index inched lower unexpectedly to 92.1 in late November from 92.3 earlier in the month.
- Initial claims for state unemployment benefits climbed to their highest level since late October, climbing by 12,000 last week to stand at 321,000. The four-week moving average of new claims also rose, moving up by 3,000 to 317,000 for the week ended Nov. 18.
- The White House on Tuesday released an updated economic forecast that suggests a slower economy next year than had previously been expected. The Bush Administration now forecasts the economy will grow 2.9% during the four quarters of 2007, down from the 3.3% estimated by the Office of Management and Budget in June.

PRICES

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

Date	Delhi	London
20 Nov 2006	19024.60	1292.0
21Nov 2006	19061.65	1292.0
22 Nov 2006	19120.15	1307.0
23 Nov 2006	19127.45	1312.0
24 Nov 2006	19336.25	1336.5
25 Nov 2006	19618.60	*****

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

Date	Mumbai	London (am fix)	London (pm fix)
20 Nov 2006	9157.00	624.00	625.50
21Nov 2006	9160.35	625.00	624.50
22 Nov 2006	9190.05	627.75	631.80
23 Nov 2006	9201.10	630.70	630.25
24 Nov 2006	9292.20	636.00	639.50
25 Nov 2006	9322.35	*****	*****

Silver Futures (Rs/Kg)

Date	MCX -SILVER (MARCH Contract)	COMEX -SILVER (Dec Contract)
20 Nov 2006	19578	1274.0
21Nov 2006	19765	1308.5
22 Nov 2006	19753	1304.0
23 Nov 2006	19775	*****
24 Nov 2006	20089	1347.0
25 Nov 2006	20321	*****

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

Date	MCX -GOLD (FEB Contract)	COMEX-GOLD (DEC Contract)
20 Nov 2006	9238	622.10
21Nov 2006	9274	628.70
22 Nov 2006	9273	629.00
23 Nov 2006	9288	*****
24 Nov 2006	9355	638.60
25 Nov 2006	9391	*****

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 shone during the week after remaining in trader's remorse for quite some time. Weakening dollar helped support the precious metals to bounce back. Further, slight firmness in crude oil prices also lend some support to the prices. Dollar slipped on the concerns of expected shrinkage in interest rate advantage of the commodity, whereas crude oil prices got some support from the supply concerns in Nigeria and expected production cut by OPEC in December meeting.

The crude oil prices saw some firmness towards the end of the week on supply concerns in Nigeria, however the gains were capped by the warmer than normal temperature prevailing in US. The market also kept iterating the chance of further production cuts by OPEC in its December meeting. The situation continue to remain concerning in Nigeria. During the early part of the week, armed militant attacked on Italian refinery Eni SpA, which forced it to halt delivery of 60000 barrels. Also, the likely production cut by OPEC in its December meeting lent some bullish sentiments to the energy prices. However, warmer than normal temperature this winter in US capped the gains as it is likely to result in poor demand for heating oil. Further, crude oil socks with US surged to 341.1 mn barrels last week by adding 1.2 mn barrels last week. In a nut shell, the sentiments remained mixed in energy markets. Crude for December delivery traded between \$57.97-60.40 before finally closing at \$59.90.

Dollar weakened against its major counterparts during the period on the concerns of shrinking interest rate differential of the currency with the major counter parts especially Euro. Looking at the recent weaker US economic data, which suggests slowing down, in the largest economy, Fed might resort to interest rate cuts in the coming time. This resulted in sharp decline in the currency against its major counterparts. Against this, ECB is likely to increase its key interest rate next year as inflation continues to surge in the zone. This would further shrink the interest ate advantage of the greenback. Also, the currency is under pressure after Chinese Central Bank's intensions to diversify away its reserves from dollar. Euro traded as high as \$1.3108 Friday against \$1.2825 last Friday. Dollar also weakened against Yen and traded as low as 115.57 Yen per dollar on Friday as compared to 117.725 a week ago.

Hence, weakness in greenback and slight firmness in crude oil underpinned the precious metals prices. The market is also expecting some support from the Chinese Central Bank's reserve diversification as the bank might divert some of its reserves towards gold. Gold for December delivery on the New York Mercantile Exchange settled up \$16.1 at \$638.6 an ounce levels. The contract traded mostly firm in the range of \$ 629-640.5 during the period. February gold at MCX also followed the cue and added Rs 163 (1.76%) during the period at Rs 9391 per 10 gm, meanwhile the contract traded in the range of Rs 9225-9395. Similarly, silver also climbed high during the week. The white metal futures for December delivery at NYMEX added 67 cents (5.2%) at \$13.47 an ounce during the

period. Meanwhile the contract traded in the range of \$12.73-13.495. Similarly, March silver at MCX closed up Rs 720 (3.67%) at Rs 20321 per kg. The contract traded in the range of Rs 19550-20349.

The precious metals market is likely to get some support from the firmness in crude oil prices if continues and might also encash the weakness in the greenback. Further, geopolitical scene (Iran) may also provide some support to the metal.

Commodity: GOLD

Contract: MCX FEB Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is looking positive two strong moves towards the end of the week. Prices closed well above 9-day and 18-day EMAs, which show firmness is intact. Stochastics are positive in neutral zone. MACD is moving upwards in positive zone, which indicates increasing bullish momentum. Gold is likely to trade volatile with positive inclination.

Recommendation: The prices are likely to see volatile movements with positive inclination. Go for long positions on dips.

Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX Dec'06	631	624	647	654
MCX Feb'07	9272	9231	9442	9503

Commodity: SILVER

Contract: MCX MARCH Contract

Periodicity: Weekly



Technical Analysis

Silver is continuing its upward trend and is looking positive after recent strong moves. Prices closed well above 9-day and 18-day EMAs, which show firmness is intact. Stochastics are positive in overbought zone. MACD is moving upwards in positive zone, which indicate increasing bullish momentum. Silver is likely to trade with positive inclination.

Recommendation: Go for long positions on dips.

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX March'07	20073	19769	20568	20876

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