

## MAJOR ACTIVITY HIGHLIGHTS

- Gold futures recovered steadily during this week on weakening dollar and geopolitical concerns. 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 \$7.7 at \$630 an ounce levels. The contract traded mostly firm in the range of \$ 624.7-639.1 during the period. February gold at MCX also followed the cue and added Rs 142 (1.55%) during the period at Rs 9391 per 10 gm, meanwhile the contract traded in the range of Rs 9129-9269.
- 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 30 cents (2.37%) at \$12.935 an ounce during the period. Meanwhile the contract traded in the range of 1270.50-1301.00. Similarly, March silver at MCX closed up Rs 373 (1.95%) at Rs 19424 per kg. The contract traded in the range of Rs 19059-19430.
- The greenback slipped sharply against the major counterparts this week on some weaker economic data. Euro traded as high as \$1.32045 Friday against \$1.3138 last Friday. Dollar traded volatile against Yen and traded as low as 118.275 Yen per dollar on Wednesday before closing the week at 118.905 Yen.
- The energy prices remained subdued during the early part of the week; slight firmness towards the end of the week couldn't take it in the positive column. Warmer than normal weather forecast in eastern US pressured the crude oil prices and even tensions over Iran issue couldn't support the prices. Crude for December delivery traded between \$59.90-63.20 before finally closing at \$61.05 at loss of \$1.36 a barrel for the week.
- Consumer sentiment rose modestly in late December from earlier in the month according to University of Michigan. The UMich consumer sentiment index rose to 91.7 from 90.6 in early December.
- Sales of U.S. existing homes rose 0.6% unexpectedly in November, to a seasonally adjusted annual rate of 6.28 million, hinting for some firmness in the housing market,
- The new applications for state unemployment benefits in U.S. rose slightly in the latest week, while continuing jobless claims climbed to their highest level in nearly a year. Initial jobless claims rose by 1,000 in the week ended Dec. 23 to reach 317,000. But continuing claims, or people continuing to collect state unemployment benefits, rose by 16,000, to 2.53 million, in the week ended Dec. 16.

## PRICES

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

Date	Delhi	London	
26 Dec 2006	19035.60		****
27 Dec 2006	18975.40		1286
28 Dec 2006	19068.80		1284
29 Dec 2006	19176.90		1290
30 Dec 2006	19200.70		****

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

Date	Mumbai	London (am fix)	London (pm fix)
26 Dec 2006	9058.55	****	****
27 Dec 2006	9056.65	628.30	628.50
28 Dec 2006	9053.35	629.00	632.00
29 Dec 2006	9135.55	635.70	****
30 Dec 2006	9175.00	****	****

## Silver Futures (Rs/Kg)

Date	MCX -SILVER (MARCH Contract)	COMEX -SILVER (MARCH Contract)
26 Dec 2006	19093.00	1272.50
27 Dec 2006	19192.00	1292.50
28 Dec 2006	19311.00	1294.00
29 Dec 2006	19337.00	1293.50
30 Dec 2006	19424.00	****

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

Date	MCX -GOLD ( FEB Contract)	COMEX-GOLD (FEBContract )
26 Dec 2006	9143.00	626.90
27 Dec 2006	9159.00	930.30
28 Dec 2006	9217.00	636.90
29 Dec 2006	9234.00	638.00
30 Dec 2006	9265.00	****

## 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 get back some more shine during the week as geopolitical tensions kept the demand for precious metals high, further some weakness in greenback also supported the precious metals. However, the gains were limited by weaker crude oil prices. Geopolitical concerns over Iran issue after the UN decided to impose ban on Iran induced safe heaven demand for the yellow metal. Dollar weakened during the period on some weak economic data. Crude oil prices remained on the softer side as warmer than normal weather forecast in eastern US kept pressuring the prices.

The crude oil prices saw some firmness towards the end of the week on bullish supply data, however it ended the week in negative column as warmer than normal weather in eastern US kept pressuring the prices throughout the week. The Energy Department said crude inventories fell by 8.1 million barrels in the week ended Dec. 22, well ahead of analyst forecasts that had called for a maximum of a 3-million-barrel decline. The report showed that U.S. crude oil supplies have declined 20.2 million barrels since November 17, which is the biggest five-week drop since the hurricanes Katrina and Rita. U.S. inventories of oil and products have been falling at a combined rate of 870,000 barrels per day for 11 weeks. which shows the supply side is tight. However, warmer weather remained the key price driver during the week. Temperatures are around 20% higher than usual and are forecast to remain high through to January 6. Crude for December delivery traded between \$59.90-63.20 before finally closing at \$61.05 at loss of \$1.36 a barrel for the week.

Dollar weakened against its major counterparts during the period on the concerns of slowing down in the largest economy. However, some strong data towards the end of the week supported the green back to some extent. The greenback pared its losses against European currencies and rose slightly versus the yen after reports showed sales of U.S. existing homes rose unexpectedly last month, while business activity in the Chicago region recovered more than forecast in December. A separate report showing an unexpected jump in U.S. consumer confidence added some support. Euro traded as high as \$1.32045 Friday against \$1.3138 last Friday. Dollar traded volatile against Yen and traded as low as 118.275 Yen per dollar on Wednesday before closing the week at 118.905 Yen.

Hence, weakness in greenback and geopolitical tensions over Iran issue kept the precious metals prices on the firmer side during the period. Gains were contained by weakness in crude oil prices. Gold for December delivery on the New York Mercantile Exchange settled up \$7.7 at \$630 an ounce levels. The contract traded mostly firm in the range of \$ 624.7-639.1 during the period. February gold at MCX also followed the cue and added Rs 142 (1.55%) during the period at Rs 9391 per 10 gm, meanwhile the contract traded in the range of Rs 9129-9269. Similarly, silver also climbed high during the week. The white metal futures for December delivery at NYMEX added 30 cents (2.37%) at \$12.935 an ounce during the period. Meanwhile the contract traded in the range of 1270.50-1301.00. Similarly, March silver at MCX closed up Rs 373 (1.95%) at Rs 19424 per kg. The contract traded in the range of Rs 19059-19430.

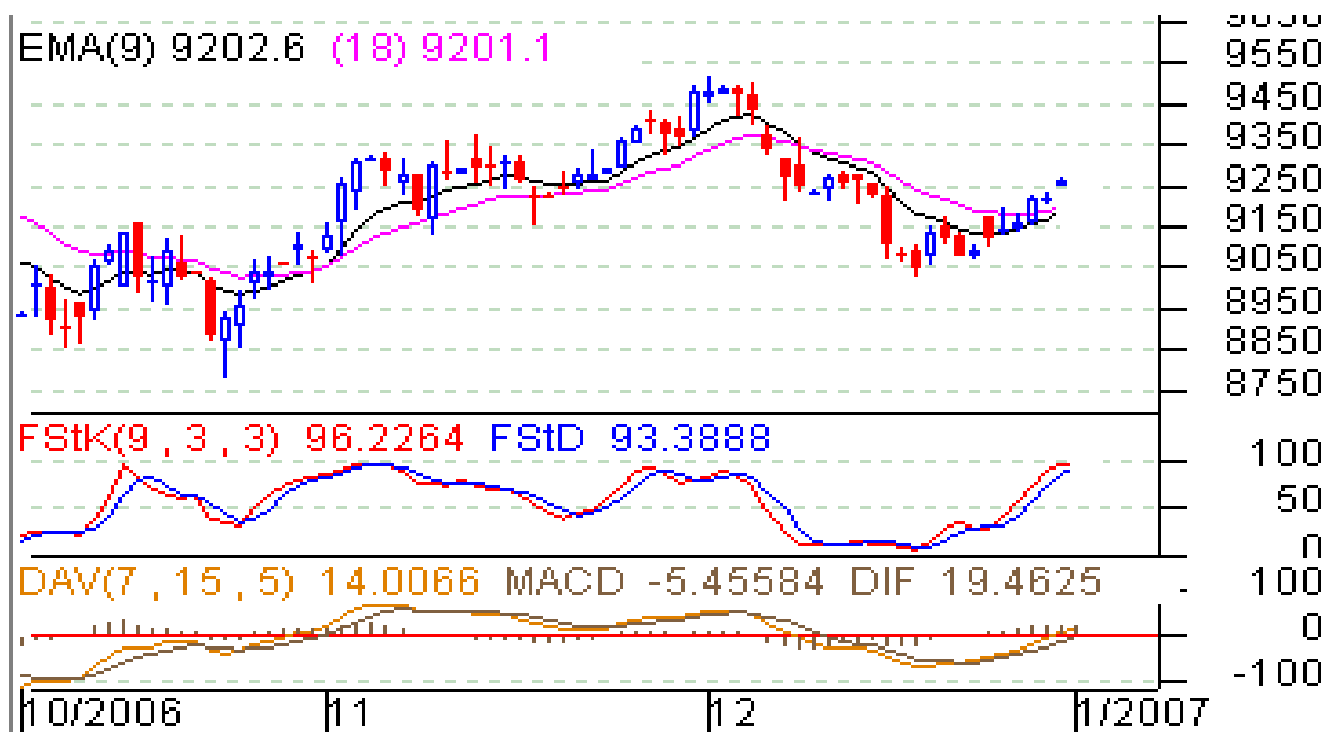
The precious metals market is likely to remain on the firmer side as investment demand for the metal is encouraging.

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 after recent rally. Prices closed well above 9-day and 18-day EMAs, which show firmness is intact. Stochastics are positive in overbought zone, which warrants some caution on the part of bulls. 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.

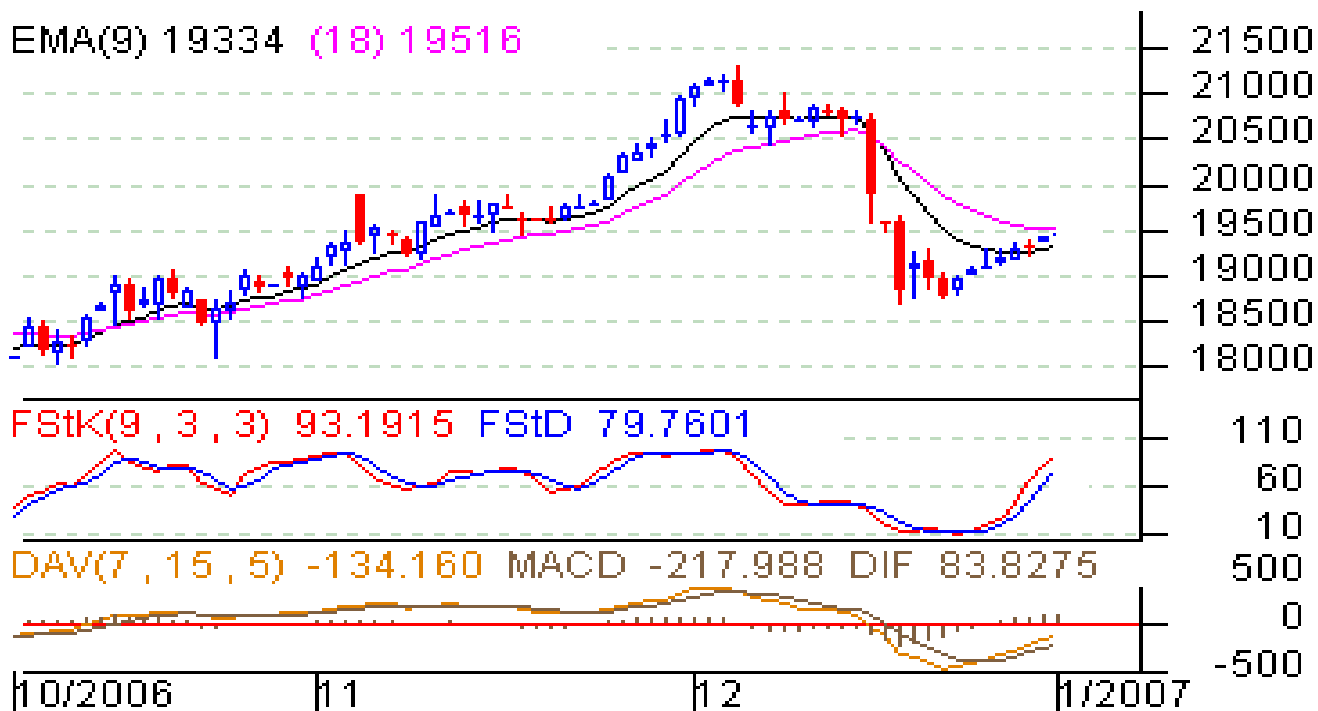
#### Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX Feb'07	613	616	645	652
MCX Feb'07	9158	9129	9372	9404

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 EMA, which shows short term firmness is intact. Stochastics are positive in overbought zone, which warrants some caution on the part of bulls. MACD is moving upwards in negative zone, which indicate

decreasing bearish 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	19192	19031	20568	20122

#### 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.