

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures closed the week with marginal gains as strength in dollar towards the end of the week pressured the metal to shed most of the earlier gains. Gold for April delivery on the New York Mercantile Exchange settled up \$0.80 at \$651.50 an ounce levels. The contract traded mostly firm during the week and saw the highs of \$667.20 an ounce. April gold at MCX however closed the week with marginal loss of Rs 48 at Rs 9368 per 10 gm after trading as high as Rs 9534 per 10 gm.
- Silver market also saw sharp correction on the last trading day of the week to wash away all the earlier gains of the week. The white metal futures for March delivery at NYMEX closed at no change levels of 1337.5 an ounce on the last trading day of the week. Meanwhile the contract traded in the range of \$1311.0-1383.5. However, March silver at MCX closed the week with a loss of Rs 147 at Rs 19696 after trading in the range of Rs 19411-20210 per kg during the week.
- The greenback remained weak throughout the week against the major counterparts, however, some strength was seen towards the end of the week on strong nonfarm payroll data. Euro traded strong against dollar during the week in the range of \$1.2898-1.3065 before finally closing the week with some gains at \$1.2915. Similarly, dollar also traded mostly weak against Yen in the range of 120.1-122.18 Yen, before closing the week with marginal losses at 121.12 Yen levels.
- The energy prices remained firm during most part of the week on the back of supportive weather and bullish supply data for distillates. Colder weather prevailing in eastern US underpinned the crude oil prices and also tensions over Iran issue kept supporting the prices. Crude for December delivery traded between \$53.75-59.25 before finally closing at \$59.20 at a gain of \$3.78 a barrel for the week.
- US Labor market eases, Nonfarm payrolls increased by 111,000, whereas jobless rate ticked up to 4.6% in January. US consumer sentiments weakened in late January. The University of Michigan consumer sentiment index fell to 96.9 points in late January from 98.0 earlier in the month, however the index is still at the highest level in two years.
- Orders for U.S.-made factory goods rose by 2.4% in December, Excluding defense goods, factory orders rose by 3.1% in December. Excluding defense goods, factory orders rose by 3.1% in December. Excluding defense goods, factory orders rose by 3.1% in December.
- The Federal Reserve held overnight interest rates steady at 5.25% for the fifth straight meeting on Wednesday, as the economy looks stronger and inflation is declining gradually.

PRICES

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

Date	Delhi	London
29 January 2007	19587.50	1325
30 January 2007	19440.95	1315
31 January 2007	19551.70	1336
01 February 2007	19824.55	1358
02 February 2007	19900.90	1366
03 February 2007	19602.00	****

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

Date	Mumbai	London (am fix)	London (pm fix)
29 January 2007	9277.65	643.4	644.75
30 January 2007	9250.00	642.25	645.2
31 January 2007	9290.70	645.75	650.5
01 February 2007	****	652.55	660.2
02 February 2007	9400.00	654.75	645.7
03 February 2007	9285.00	****	****

Silver Futures (Rs/Kg)

Date	MCX -SILVER (MARCH Contract)	COMEX -SILVER (MARCH Contract)
29 January 2007	19621	
30 January 2007	19732	1337.50
31 January 2007	19933	1357.00
01 February 2007	20092	1372.50
02 February 2007	19596	1337.50
03 February 2007	19696	****

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

Date	MCX -GOLD (April Contract)	COMEX-GOLD (April Contract)
29 January 2007		9381.00
30 January 2007		9375.00
31 January 2007		9423.00
01 February 2007		9481.00
02 February 2007		9343.00
03 February 2007		9368.00

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 shed all the earlier gains towards the gains as strength in dollar pressured the prices and even firmness in crude prices couldn't support the prices. Dollar remained weak throughout the week as Fed kept the interest rates unchanged, however the currency strengthened on Friday on strong Nonfarm payroll data. Whereas, crude prices remained on the hotter side during the week supported by cold weather and geopolitical tensions, which kept supporting the prices of precious metals during the period.

Crude oil witnessed firm sentiments throughout the week as geopolitical tensions and cold weather forecast supported the prices. The crude oil prices got support from the expectations that the cold weather in northeast US might continue to prevail in February. Further, political tension in key oil-producing countries and prospects for further energy-demand growth also supported the prices. Crude-oil futures ended the week Friday with a gain of more than 6%. Crude for December delivery traded between \$53.75-59.25 before finally closing at \$59.20 at a gain of \$3.78 a barrel for the week. Also, the market is eyeing on production cut by OPEC. The OPEC decided at its December meeting that it would cut another 500,000 barrels a day in production starting on Feb. 1. In the same line, earlier this week, Saudi Arabia had informed its customers that it would be cutting its output. However, the supply side is easy and thus the prices

are likely to look tentative at higher levels, the undertone would continue to remain firm.

Dollar weakened against its major counterparts during the period on the concerns of slowing down in the largest economy and on Fed decision to keep the interest rates unchanged. However, the greenback traded higher against other major currencies Friday, reversing early losses supported by a government report showing the U.S. economy created fewer-than-expected jobs last month. Payroll growth in the fourth quarter was stronger than expected. According to Labor Department job growth rose moderately in January and the unemployment rate ticked higher. Nonfarm payrolls expanded by 111,000 in January, lower than the 170,000 expected by economists. The unemployment rate rose to 4.6% in January from 4.5% in the previous month. Euro traded strong against dollar during the week in the range of \$1.2898-1.3065 before finally closing the week with some gains at \$1.2915. Similarly, dollar also traded mostly weak against Yen in the range of 120.1-122.18 Yen, before closing the week with marginal losses at 121.12 Yen levels.

Hence, weakness in greenback, geopolitical tensions over Iran issue and firmness in crude oil kept supporting the precious metals during the week. However, sharp correction in the greenback on the last trading day of the week pressured the metals. Gold for April delivery on the

New York Mercantile Exchange settled up \$0.80 at \$651.50 an ounce levels. The contract traded mostly firm during the week and saw the highs of \$667.20 an ounce. April gold at MCX however closed the week with marginal loss of Rs 48 at Rs 9368 per 10 gm after trading as high as Rs 9534 per 10 gm. The white metal futures for March delivery at NYMEX closed at no change levels of 1337.5 an ounce on the last trading day of the week. Meanwhile the contract

traded in the range of \$1311.0-1383.5. However, March silver at MCX closed the week with a loss of Rs 147 at Rs 19696 after trading in the range of Rs 19411-20210 per kg during the week. The precious metals market is likely to remain on the firmer side, as investment demand for the metal is encouraging on account of firm crude oil prices and geopolitical tensions.

Commodity: GOLD

Contract: MCX APRIL Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is looking tentative at higher levels, however close above 18-day EMA suggests that the medium term trend is still bullish. MACD is running flat in positive territory. However, stochastic is negative in neutral region. The prices are likely to recover after some consolidation.

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 April 07	643	634	675	684
MCX April 07	9298	9229	9488	9547

Commodity: SILVER

Contract: MCX MARCH Contract

Periodicity: Weekly



Technical Analysis

Silver looking hesitant at higher levels, however close above 18-day EMA suggests that the medium term trend is still bullish. MACD is running flat in positive territory. However, stochastic is negative in neutral region. The prices are likely to recover after some consolidation..

Recommendation: Go for long positions on dips.

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX March'07	19600	19335	20372	20560

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