

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures closed the week on a bullish note encashing the weakness in dollar and firmness in crude oil prices towards the end of the week. Gold for April delivery on the New York Mercantile Exchange settled up \$20.80 at \$672.90 an ounce levels. The contract traded mostly firm during the week and saw the highs of \$673.90 an ounce. April gold at MCX however closed the week with a handsome gains of Rs 213 at Rs 9581 per 10 gm after trading in the range of Rs 9354-9596.
- Silver market also saw sharp gains during the week following the firmness in the yellow metal and supportive demand from ETFs. The white metal futures for March delivery at NYMEX closed at a gain of \$0.54 at \$13.915. Meanwhile the contract traded in the range of \$1359-1397. Similarly, March silver at MCX closed the week with a gain of Rs 580 at Rs 20276 after trading in the range of Rs 19593-20325 .
- The greenback remained week throughout the week against the major counterparts, however, some strength was seen towards the end of the week.
- The energy prices remained volatile during the week. Colder weather prevailing in eastern US underpinned the crude oil prices towards the end of the week to recoup the earlier losses. Crude for March delivery traded between \$57.25-60.80 before finally closing at \$59.89 at a marginal gain of \$0.87 a barrel for the week.
- US trade deficit widened in December and swelled to a new annual record, a government report showed Tuesday. The nation's trade gap widened by 5.3% in December, reaching \$61.2 billion, the Commerce Department said. Fourth-quarter productivity up more than expected, while unit labor costs rise at a lower-than-anticipated pace of 1.7%.
- Services sectors pick up steam in January; ISM index rises to 59%, the 46th consecutive month of growth and highest since May.
- Some of the air goes out of the employment balloon in January with payrolls up a smaller than expected 111,000 and jobless rate up.

PRICES

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

Date	Delhi	London
05 February 2007	19581.40	1329
06 February 2007	19929.05	1366
07 February 2007	19907.80	1365
08 February 2007	19834.90	1353
09 February 2007	20145.55	1384
10 February 2007	20150.00	****

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

Date	Mumbai	London (am fix)	London (pm fix)
05 February 2007	9280.00	648.00	649.50
06 February 2007	9353.20	653.90	653.25
07 February 2007	9387.55	655.25	653.75
08 February 2007	9328.50	650.55	656.00
09 February 2007	9435.00	657.85	664.50
10 February 2007	9534.00	****	****

Silver Futures (Rs/Kg)

Date	MCX -SILVER (MARCH Contract)	COMEX -SILVER (MARCH Contract)
05 February 2007	19883	1356.0
06 February 2007	20002	1367.5
07 February 2007	20020	1371.0
08 February 2007	20123	1377.0
09 February 2007	20276	1391.5
10 February 2007	20264	****

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

Date	MCX -GOLD (April Contract)	COMEX-GOLD (April Contract)
05 February 2007	9402	656.10
06 February 2007	9431	658.70
07 February 2007	9421	657.30
08 February 2007	9482	662.80
09 February 2007	9586	672.30
10 February 2007	9581	****

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 rallied during the week encashing the firmness in crude oil prices towards the end of the week and weakness in dollar. Geopolitical tensions in Iran also supported the precious metals. Dollar remained weak throughout the week pressured by the poor economic data. Whereas crude oil prices remained volatile throughout the week. Crude prices recouped the earlier losses supported by the cooler than normal weather.

Crude oil witnessed volatile sentiments during the week; however geopolitical tensions and cold weather forecast supported the prices to close the week with marginal gains. Crude for March delivery traded between \$57.25-60.80 before finally closing at \$59.89 at a marginal gain of \$0.87 a barrel for the week. 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. On the weather front, forecaster According to the weather forecasts patterns across the Pacific coast states will bring a storm to the East Coast early next week in the form of snow or rain. Temperatures around New York are expected to remain below freezing Friday. Meanwhile, Nigerian captors reportedly freed a British man being held hostage in the oil-rich Niger Delta region, according to the BBC. But a French oil worker and a Filipino woman are still being held hostage.

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 slightly towards the end of the week.

Thus, weakness in dollar and firmness in crude oil price in conjunction with the geopolitical tensions supported the precious metals. Further, the news that some central banks buying gold also supported the yellow metal. Global political tensions also provided impetus for gold, which is usually seen as a safe-haven investment. On Thursday, North Korea began six-way negotiations over its nuclear program, while Iran remained defiant about its own enrichment program, as the nation's supreme leader, Ayatollah Ali Khamenei, warned of reprisals against U.S. interests if Iran comes under military attack. In another positive development for gold, International Monetary Fund managing director Rodrigo Rato said Friday that any sale of gold by the IMF would only be part of a wider solution to the institution's revenue woes and should not disrupt the gold market. In such a scenario gold futures added handsomely during the week. Gold for April delivery on the New York Mercantile Exchange settled up \$20.80 at \$672.90 an ounce levels. The contract traded mostly firm during the week and saw the highs of \$673.90 an ounce. April gold at MCX however closed the week with handsome gains of Rs 213 at Rs 9581 per 10 gm after trading in the range of Rs 9354-9596. Similarly, silver futures also added smartly during the period. . The white metal futures for March delivery at NYMEX closed at a gain of \$0.54 at \$13.915. Meanwhile the contract traded in the range of \$1359-1397. Similarly, March silver at MCX closed the week with a gain of Rs 580 at Rs 20276 after trading in the range of Rs 19593-20325.

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 strong after breaking the key resistance levels. The prices closed above EMAs suggest that the medium term trend is bullish. MACD is running upward in positive zone. Stochastic is positive in overbought zone which warrants some caution on the part of bulls. The prices are likely to recover further.

Recommendation: The prices are likely to see some more recovery, remain long with caution.

Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX April 07	664	652	700	728
MCX April 07	9490	9428	9650	9700

Commodity: SILVER

Contract: MCX MARCH Contract

Periodicity: Weekly



Technical Analysis

Silver is looking strong after breaking the key resistance levels. The prices closed above EMAs suggest that the medium term trend is bullish. MACD is running upward in positive zone. Stochastic is positive in overbought zone which warrants some caution on the part of bulls. The prices are likely to recover further.

Recommendation: Remain long with caution.

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX March'07	19916	19775	20822	20983

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