

MAJOR ACTIVITY HIGHLIGHTS

- Gold futures plunged during the week in sympathy with heavy correction in some major stock markets worldwide. Concerns of slowdown in global economy triggered the long liquidation in the yellow metal futures. Gold for April delivery on the New York Mercantile Exchange settled down \$42.6 (6.2%) at \$644.1 an ounce levels. The contract traded mostly bearish during the week between \$641.3-\$692.5. April gold at MCX also closed the week with a heavy loss of Rs 457 at Rs 9334 per 10 gm after trading in the range of Rs 9250-9865.
- Silver market also saw sharp correction during the week on concerns of global economic slowdown. Weakness in gold and other base metals also pressured the prices. The white metal futures for March delivery at NYMEX closed at heavy loss of 177.6 cents (12%) at 1296 cents an ounce. The contract traded in the range of \$12.8-14.885 per ounce. Similarly, May silver at MCX closed the week with a loss of Rs 2059 at Rs 19322 per kg after trading in the range of Rs 19066-21549 per kg.
- The greenback remained weak initially and then recovered towards the end of the week on the back of some positive economic data. Euro traded volatile against dollar during the week in the range of \$1.3142-1.3259. Against this, the greenback slipped sharply against Yen as traders unwinded carry trade in Yen. Dollar traded mostly weak against Yen in the range of 121.1-116.40 Yen, before closing the week with heavy losses at 116.78 Yen levels.
- The energy prices remained mostly firm during the week on the back of bullish supply data and concerns of geopolitical tensions in Iran. Crude for March delivery traded between \$59.92-62.49 before finally closing at a marginal gain of 50 cents at \$61.64 per barrel.
- US Non-manufacturing sectors expanded at a slower pace in Feb., ISM index falls to 54.3% from 59%.
- Core consumer prices rose 0.3% in January, the Commerce Department reported Thursday, pushing the year-over-year increase in inflation (core) further above the Federal Reserve's target zone to 2.3%. Total inflation, including food and energy, increased 0.2% in January, and is up 2% in the past year.
- U.S. manufacturers increase production in Feb.; ISM index rises to 52.3% from 49.3%.
- The mood of U.S. consumers worsened in late February, according to the latest research from the University of Michigan. The UMich. consumer sentiment index fell to 91.3 in late February from an initial reading of 93.3 earlier in the month.

PRICES

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

| Date | Delhi | London |
|------------------|----------|--------|
| 26February 2007 | 20813.00 | 1458 |
| 27 February 2007 | 20875.00 | 1449 |
| 28 January 2007 | 20612.50 | 1431 |
| 01 March 2007 | 20508.35 | 1429 |
| 02 March 2007 | 20000.00 | 1353 |
| 03 March 2007 | 19008.00 | |

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

| Date | Mumbai | London (am fix) | London (pm fix) |
|------------------|---------|-----------------|-----------------|
| 26February 2007 | 9831.65 | 684.5 | 685.75 |
| 27 February 2007 | 9815.45 | 684.5 | 676.2 |
| 28 January 2007 | 9714.15 | 677 | 664.2 |
| 01 March 2007 | 9685.00 | 673.6 | 670.4 |
| 02 March 2007 | 9533.75 | 664 | 651.9 |
| 03 March 2007 | 9295.45 | | |

Silver Futures (Rs/Kg)

| Date | MCX -SILVER (MAY Contract) | COMEX -SILVER (MAY Contract) |
|------------------|----------------------------|------------------------------|
| 26February 2007 | 21508.00 | 1483.2 |
| 27 February 2007 | 21412.00 | 1469.0 |
| 28 January 2007 | 20559.00 | 1423.5 |
| 01 March 2007 | 20283.00 | 1365.0 |
| 02 March 2007 | 19140.00 | 1296.0 |
| 03 March 2007 | 19322.00 | **** |

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

| Date | MCX -GOLD (April Contract) | COMEX-GOLD (April Contract) |
|------------------|----------------------------|-----------------------------|
| 26February 2007 | 9837.00 | 689.8 |
| 27 February 2007 | 9807.00 | 687.2 |
| 28 January 2007 | 9628.00 | 672.5 |
| 01 March 2007 | 9563.00 | 665.1 |
| 02 March 2007 | 9288.00 | 644.1 |
| 03 March 2007 | 9334.00 | **** |

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 saw some severe hammering during the week as massive correction in global stock markets particularly, European and Asian markets, pressured the prices. The concerns of global economic correction triggered heavy long liquidation in the precious metals. The precious metal market meanwhile ignored the slight firmness in crude oil prices. In the currency markets, renewed firmness in Yen was the main feature during the week. The Japanese currency gained against all major counterparts as the traders unwinded their carry trade in the currency. Whereas, crude prices got support from the supply concerns on Iran issue as its nuclear activities might lead to economic ban on the country.

Crude oil prices continue to trade firm during the first half of the week as supply concerns kept pressuring the prices. UN stand on Iran's nuclear activities suggest that there is a risk of economic sanctions on the fourth largest exporter of crude oil. Which in turn would further tighten the global supply of crude oil. However, the prices eased slightly towards the end of the week on concerns of global economic slowdown, which would infiltrate to the crude market by slowing the demand for energy. Crude for March delivery traded between \$59.92-62.49 before finally closing at a marginal gain of 50 cents at \$61.64 per barrel. Crude supplies are expected to ease further and data on Wednesday is likely to show gains in stocks according to the analysts, however gasoline and distillate supplies are expected to contract. Colder march expected in US might however support the demand for crude oil and its prices.

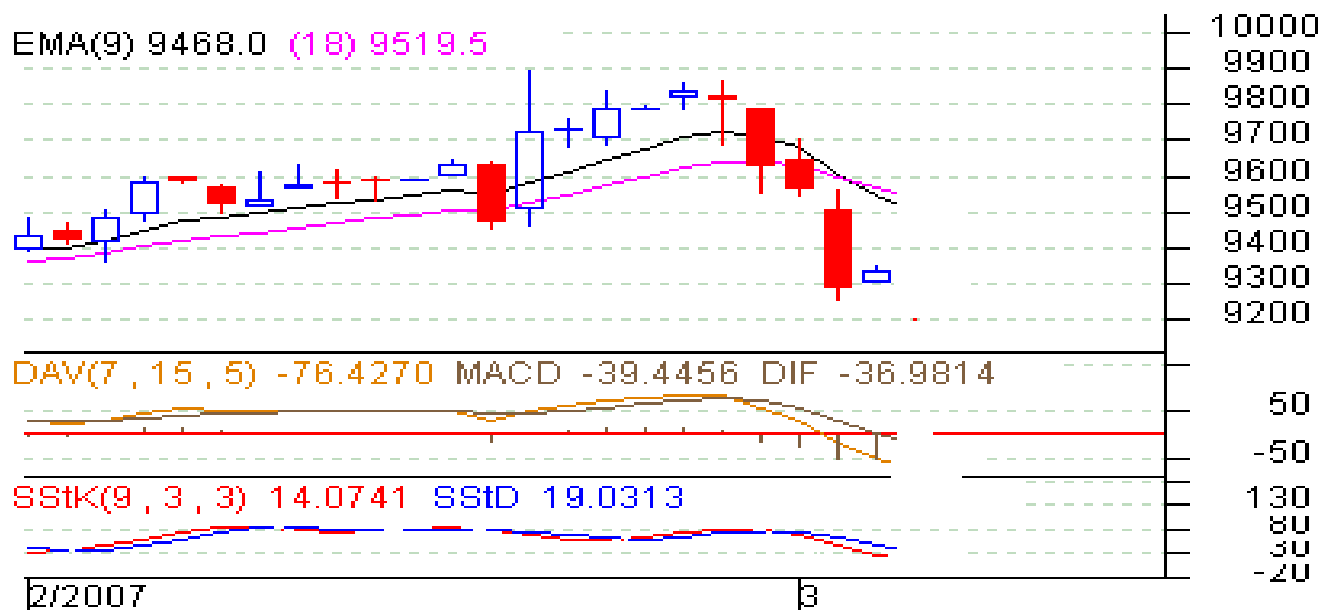
Yen was the focal point in the currency markets this week with the Japanese currency surging against major counterparts on leaps and bounds. Yen got support from the unwinding of carry trade in the currency. With the major stock markets showing sharp correction, Japanese carry traders revert back to Yen and the currency got good support from the same. Dollar traded mostly weak against Yen in the range of 121.1-116.40 Yen, before closing the week with heavy losses at 116.78 Yen levels. Heightened volatility in stock markets and sharp correction in Chinese stocks resulted in unwinding of carry trades in Yen, which in turn resulted in 3.5% gain in Yen against dollar during the week. Meanwhile, the greenback strengthen towards the end of the week against Euro as shaky stock markets induced traders to invest in dollar as last resort.

Hence the precious metals saw sharp correction in conjunction with stock markets during the period on concerns of economic slowdown. Meanwhile it ignored the slight firmness in crude oil prices. Gold for April delivery on the New York Mercantile Exchange settled down \$42.6 (6.2%) at \$644.1 an ounce levels. The contract traded mostly bearish during the week between \$641.3-\$692.5. April gold at MCX also closed the week with a heavy loss of Rs 457 at Rs 9334 per 10 gm after trading in the range of Rs 9250-9865. Similarly, silver futures also witnessed heavy hammering in prices during the period. The white metal futures for March delivery at NYMEX closed at heavy loss of 177.6 cents (12%) at 1296 cents an ounce. The contract traded in the range of \$12.8-14.885 per ounce. Similarly, May silver at MCX closed the week with a loss of

Commodity: GOLD

Contract: MCX APRIL Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is looking weak, however oversold levels warrants some caution on the part of bears. The prices closed well below EMAs, which suggests bearish sentiments in the market. Falling MACD in positive region supports bears. Stochastic is negative in oversold region, which warrants some caution on the part of bears. The prices might extend the consolidation phase.

Recommendation: Remain short with caution or buy on major dips.

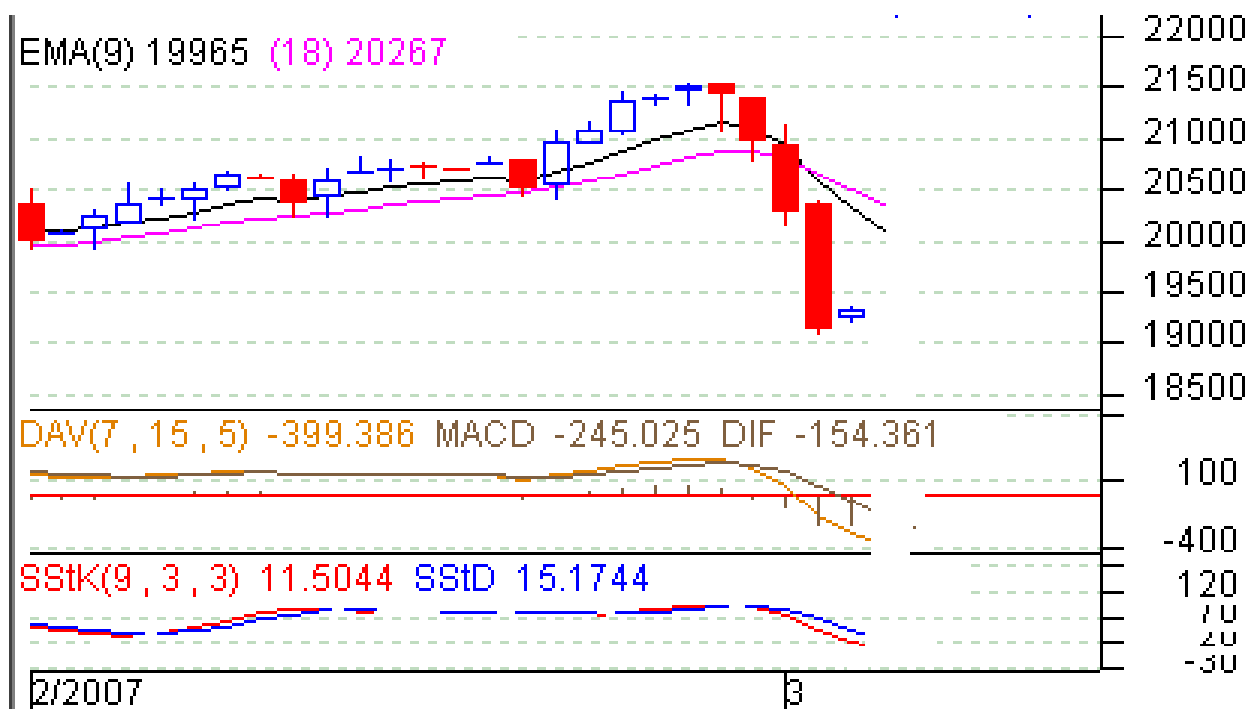
Support and resistance Levels:

| Contract | S1 | S2 | R1 | R 2 |
|-------------------|------|------|------|------|
| COMEX April 07 | 643 | 634 | 675 | 684 |
| MCX April 07 | 9298 | 9229 | 9488 | 9547 |

Commodity: SILVER

Contract: MCX MAY Contract

Periodicity: Weekly



Technical Analysis

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Support and resistance Levels

| Contract | S-1 | S- 2 | R- 1 | R - 2 |
|-----------------|-------|-------|-------|-------|
| MCX March'07 | 18715 | 18552 | 19876 | 20121 |

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