

## MAJOR ACTIVITY HIGHLIGHTS

- Gold futures recouped some of the earlier week's losses during the week, but the vigor seemed absent from the market. The prices surged in sympathy with the slight firmness in crude oil prices however some strength in dollar checked the gains. Economic data showing some strength in the largest economy however couldn't support the prices much. Gold for April delivery on the New York Mercantile Exchange settled up \$7.9 (1.2%) at \$652.0 an ounce levels. The contract traded mostly positive during the week between \$634.5-\$659.8. April gold at MCX also closed the week with moderate gains of Rs 49 at Rs 9383 per 10 gm after trading in the range of Rs 9196-9476.
- Silver market however shed all the initial gains during the week to close the week at almost no change levels. The white metal futures for March delivery at NYMEX closed at almost no change levels at 1297 cents an ounce. The contract traded in the range of \$12.49-13.235 per ounce. Similarly, May silver at MCX closed the week with marginal gains of Rs 11 Rs 19333 per kg after trading in the range of Rs 18711-19668 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, however warmer weather forecast towards the end of the week pressured the prices to shed some of the earlier gains. Crude for March delivery traded between \$59.55-62.30 before finally closing at a marginal gain of \$1.59 at \$60.05 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
05 March 2007	19033.35	1260.5
06 March 2007	19275.55	1293.5
07 March 2007	19233.45	1289
08 March 2007	19443.20	1309
09 March 2007	19351.85	1307
10 March 2007	19277.30	****

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

Date	Mumbai	London (am fix)	London (pm fix)
05 March 2007	9250.00	638.6	636.75
06 March 2007	9345.00	644.6	643.75
07 March 2007	9341.65	646.35	646.4
08 March 2007	9438.55	653.75	654.25
09 March 2007	9413.35	653.85	652.25
10 March 2007	9360.00	****	****

## Silver Futures (Rs/Kg)

Date	MCX -SILVER (MAY Contract)	COMEX -SILVER (MAY Contract)
05 March 2007	19136.00	1275.0
06 March 2007	19409.00	1298.5
07 March 2007	19516.00	1310.5
08 March 2007	19515.00	1312.0
09 March 2007	19308.00	1297.0
10 March 2007	19333.00	****

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

Date	MCX -GOLD (April Contract)	COMEX-GOLD (April Contract)
05 March 2007	9290.00	639.2
06 March 2007	9351.00	646.2
07 March 2007	9400.00	652.9
08 March 2007	9435.00	655.5
09 March 2007	9392.00	652.0
10 March 2007	9383.00	****

## 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 recovery in prices after witnessing severe hammering during the previous week. However, the recovery was not sharp due to lack of vigor in the market. Despite economic data showing healthy economy, the market couldn't bounce on it as some weakness in crude oil prices and strength in dollar capped the gains. Currency market saw some easing in Yen, whereas dollar bounced on strong payroll data. Whereas, crude oil prices eased on warmer weather forecast for the rest of March.

Energy markets continue to remain range bound in search of direction. The crude prices pared the gains late this week as warmer weather forecast weighed the unexpected fall in U.S crude stocks. Meanwhile, the news of fall in OPEC's production by 0.33 million bpd in February to 26.62 million bpd supported the prices to some extent. With the warmer weather on the cards and healthy stock positions with US, the market will be keenly eyeing the OPEC meeting next week in Vienna for direction. OPEC is expected to continue with the current production as the prices are still at healthy levels, however, looking at the healthy stock piles in lean season, continuation of current production would make scope for the prices on the down side. Crude oil futures for April delivery at NYMEX tumbled to the level never seen since February 20 on Friday, pressured by warmer weather forecast for US in the coming weeks and closed the session at \$60.05 a barrel. The contract shed \$1.59 during the session accumulating weekly loss of 2.6%.

Yen finally eased as the after the recent strong bounce as the stock markets regained momentum and carry traders came back to business. Whereas, dollar strengthened on stronger than expected payroll data, which suggested that interest rate cut by FED in near term is unlikely. The market meanwhile also saw some strength in the largest economy as the trade gap was seen shrinking. Overall the greenback remained strong against Euro, which was hit by the ECB's remarks that the current rates are moderate not low. The market ignored the 25 basis point hike in interest rate as expected by ECB as it was well factored in the current prices. Euro traded in the range of 1.3072-1.3212 against dollar. Whereas, dollar traded firm against Japanese currency in the range of 115.15-118.37Yen, during the period.

Bullion market took a breather after a sharp correction last week and tried to gain some lost ground. However, the vigor needed to put the market back on track looked absent from the market and it failed to encash on the signs of improvement in US and global economy. Gold futures for April delivery on the New York Mercantile Exchange closed down \$3.50 at \$652 an ounce after trading as high as \$659.80 on Friday as weakness in crude oil prices induced traders to book profits. The futures still managed to bag marginal gains of \$7.90 for the week. Whereas silver futures shed 15 cents to close at \$12.97 an ounce, ending the week at almost no change levels. MCX April gold closed at Rs.9392 per 10gm, while silver May contract at Rs.19, 308 on Friday. The Bullion market is in

consolidation phase after the recent free fall in the prices and seems waiting for a supportive hand from physical demand, which is subdued at this moment, to push it higher. The market will also be keenly eyeing the

developments in currency and crude oil markets for the direction ahead. As the market couldn't encash some positive economic news late this week in a big way, some more consolidation in the coming week cannot be ruled out.

**Commodity: GOLD**

**Contract: MCX APRIL Contract**

**Term: Short-term (Weekly)**



#### Technical Analysis

Gold is looking slightly weak at the stage as depicted by close below EMAs, which suggests bearish sentiments in the market. MACD is running flat in negative zone, whereas stochastic is favoring bulls in neutral region. The prices might see some more consolidation before recovery.

**Recommendation:** Wait; Buy only on major dips.

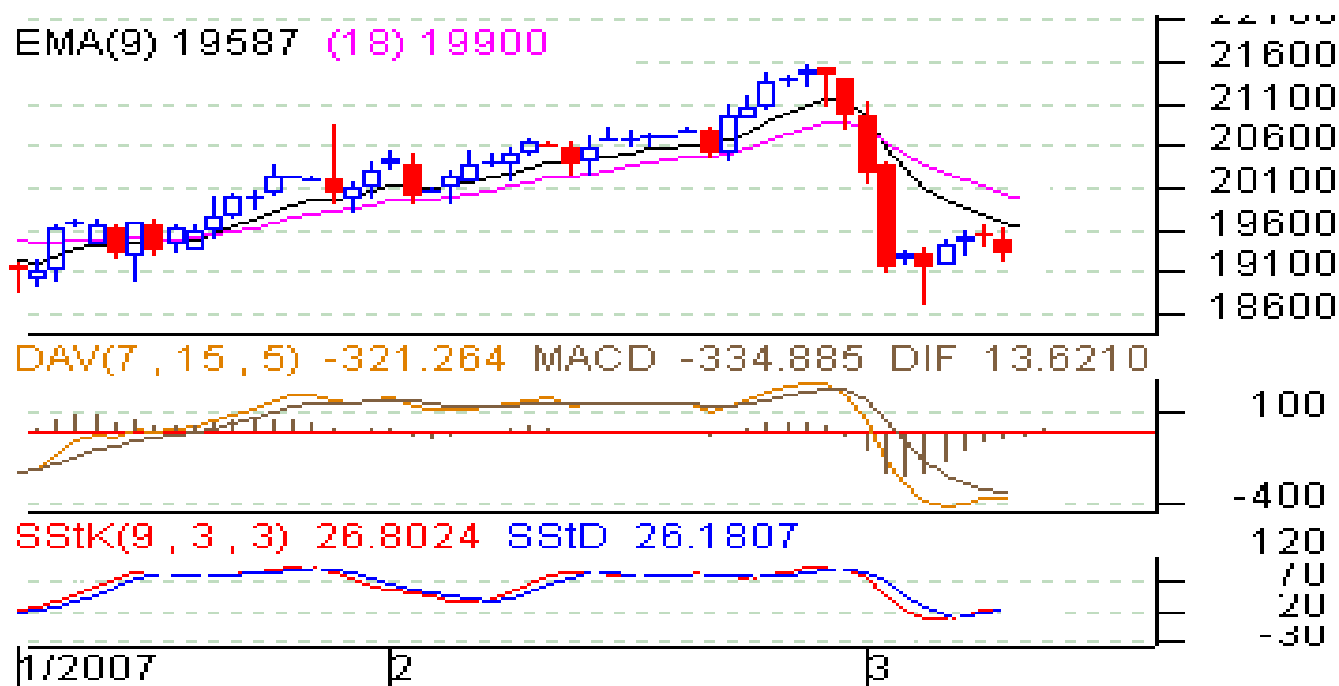
#### Support and resistance Levels:

Contract	S1	S2	R1	R 2
COMEX April 07	637	623	674	688
MCX April 07	9300	9217	9630	9732

Commodity: SILVER

Contract: MCX MAY Contract

Periodicity: Weekly



#### Technical Analysis

Silver is also looking slightly weak at the stage as depicted by close below EMAs, which suggests bearish sentiments in the market. MACD is running flat in negative zone, whereas stochastic is favoring bulls in neutral region. The prices might see some more consolidation before recovery.

**Recommendation:** Wait; buy only on major dips.

#### Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX May'07	18946	18672	20180	20592

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