

MAJOR ACTIVITY HIGHLIGHTS

- Bullions recouped some of the losses of the previous week supported by soaring crude oil prices and geopolitical concerns during the week starting June 11. Strength in greenback during the first half of the week however contained the gains to some extent. Gold for August delivery on Comex recovered some the losses of the previous week by adding \$8.4 to settle at \$658.7 per ounce. The contract traded in the range of \$647-659.5 an ounce on Friday. August Gold on MCX ended the session at Rs 8785 per 10gm on Friday.
- The Swiss National Bank said Thursday it would sell 250 tons of gold reserves over the next two years. Recent high gold prices have prompted Spain, Belgium, and a few other central banks to sell to realign reserves as rising gold price implies growing percentage of reserves in gold.
- Zimbabwe's gold output, which fell to a record 8 tonnes for the year ended March 2007, might sink further on operational constraints according to the country's independent Chamber of Mines. Miners in Zimbabwe are increasingly failing to secure inputs, mainly cyanide, for the processing of gold ore.
- Violence in Middle East raised geopolitical concerns supporting gold prices. According to the reports, Hamas militants claimed military victories over rivals Fatah Thursday and took control of almost all of the Gaza Strip. Palestinian President Mahmoud Abbas however dismissed the Hamas-led government and declared a state of emergency.
- Silver demand in the Indian market, has softened on account of higher prices and seasonal weakness as per the CPM Group's latest issue of Precious Metals Advisory. While demand for silver in the photographic sector continues to decline, silver used in electronics and batteries has been increasing, according CPM. The banks importing the silver into India were "hesitant" about taking delivery on concerns of poor demand at higher prices.
- According to the Energy Department reports, crude supplies saw smaller-than-expected climb of 100,000 barrels to 342.4 million last week. The supplies are 0.8% above the year-ago level. Gasoline supplies remained unchanged at 201.5 million barrels for the week ended June 8. The supplies had climbed more than 8 million barrels over the last five weeks.

PRICES

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

Date	Delhi	London
11 June 2007	18043.85	1316
12 June 2007	18010.95	1315
13 June 2007	17778.50	1286
14 June 2007	18008.10	1304
15 June 2007	18018.00	1306
16 June 2007	18014.70	****

Silver Futures

(COMEX-Cents/Ounce; NCDEX- Rs/Kg)

Date	MCX -SILVER (July Contract)	COMEX -SILVER (July Contract)
11 June 2007	18098.00	1309.0
12 June 2007	17884.00	1306.0
13 June 2007	17873.00	1316.50
14 June 2007	17990.00	1326.0
15 June 2007	18064.00	1323.50
16 June 2007	18066.00	*****

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

Date	Mumbai	London (am fix)	London (pm fix)
11 June 2007	8674.15	652.75	650.3
12 June 2007	4645.00	652.80	647.25
13 June 2007	8600.00	644.10	647.65
14 June 2007	8675.00	650.75	653.25
15 June 2007	8750.00	650.60	653.10
16 June 2007	8742.50	****	*****

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

Date	MCX -GOLD (August Contract)	COMEX-GOLD (Aug Contract)
11 June 2007	8791.00	653.1
12 June 2007	8721.00	652.7
13 June 2007	8730.00	655.9
14 June 2007	8762.00	658.7
15 June 2007	8785.00	659.9
16 June 2007	8787.00	*****

GOLD DEMAND STATISTICS (LATEST)

Particulars	2005	2006	% Change 2006vs05	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	% Change Q1'07 vs. Q1'06
Demand (Tonnes)									
Jewellery fabrication	2707.2	2279.3	-16	488.0	522.8	557.9	710.7	572.8	17
Industrial and dental	426.7	451.5	6	110.7	113.6	113.5	113.6	111.8	1
Net retail investment	386.7	389.5	1	86.2	89.8	104.9	108.6	110.7	28
Exchange Traded Funds And Similar	208.1	260.2	25	112.9	48.9	19.2	79.1	36.4	-68
Total identifiable demand	3728.7	3380.4	-9	797.8	775.1	795.5	1012.0	831.7	4
Demand (\$ m)									
Jewellery fabrication	38684	44245	14	8693	10550	11,151	14,011	11,968	38
Industrial and dental	6097	8764	44	1973	2293	2269	2239	2335	18
Net retail investment	5,526	7,561	37	1,535	1,813	2,096	2,141	2,314	51
Exchange Traded Funds And Similar	2,973	5,050	70	2,011	986	384	1,560	760	-62
Total identifiable demand	53,281	65,620	23	14,212	15,642	15,901	19,952	17,377	22

Source: WGC

FUNDAMENTAL ANALYSIS

Bullions recouped some of the losses of the previous week supported by soaring crude oil prices and geopolitical concerns during the week starting June 11. Strength in greenback during the first half of the week however contained the gains to some extent. The greenback became cheaper against major counterparts after some initial firmness as tamer than expected core inflation figures faded the expectations of hike in interest rate by Fed. Renewed geopolitical concerns in Middle East also rekindled safe haven buying in the precious metals during the period.

Geopolitical tensions rose after Hamas militants claimed military victory over rival Fatah and took control of almost all of the Gaza Strip. Meanwhile, the market ignored the news that Swiss National Bank will sell 250 tons of gold reserves over the next two years. Recent high gold prices have prompted Spain, Belgium and a few other central banks to sell gold to realign reserves.

Precious metals failed to post a convincing rally despite soaring energy prices, as the physical demand remained subdued. For the precious metals to breach recent peaks, the physical demand needs to be vibrant. Gold for August delivery on Comex recovered some the losses of the previous week by adding \$8.4 to settle at \$658.7 per ounce. The contract traded in the range of \$647-659.5 an ounce on Friday. August Gold on MCX ended the session at

Rs 8785 per 10gm on Friday. Silver prices surged in sync with the firmness in gold and copper markets during the week. Silver for July delivery added 22 cents to settle at \$13.26 an ounce, while July silver at MCX finished at Rs. 18064 per kg.

Crude oil prices remained jovial during the most part of the week starting June 11 as geopolitical tensions in Middle East and soaring product prices on tight supplies and healthy demand supported them. Gasoline prices soared during the week as fall in refinery utilization raised fresh supply concerns in the product market. Gasoline supplies remained unchanged at 201.5 million barrels for the week ended June 8 after climbing more than 8 million barrels over the previous five weeks. Refinery utilization fell to 89.2% of capacity from 89.6% a week earlier, which raised supply concerns in the summer driving season when the demand is buoyant. Motor gasoline demand averaged 9.5 million bpd over the past four-week period, 1.4% above the same time a year ago. Crude supplies saw smaller-than-expected climb of 100,000 barrels to 342.4 million last week; however the supplies are still 0.8% above the year-ago level. Meanwhile, the IEA revised up its forecast for 2007 demand for oil products by 420,000 bpd to 86.1 million bpd. The oil prices also find some additional support in Iran's oil minister's statement that the OPEC has no immediate plans to release more oil into the market ahead of its September policy meeting. Renewed tensions in Nigeria after kidnapping of five oil workers Friday again raised

supply concerns from the eighth largest exporter underpinning the prices. Nymex WTI crude futures for July delivery added \$3.24 during the week to

close at \$68 a barrel. MCX July delivery contract ended on Friday at Rs 2,795 per barrel.

Commodity: GOLD

Contract: MCX Aug Contract

Term: Short-term (Weekly)



Technical Analysis

Gold charts are looking slightly positive at this stage. The prices closed well below short term EMAs, which supports bears. MACD has made bullish crossover in positive territory. Stochastic is also supporting bulls in normal region. The prices are likely to see some more recovery.

Recommendation: Buy on recovery above 8816 levels

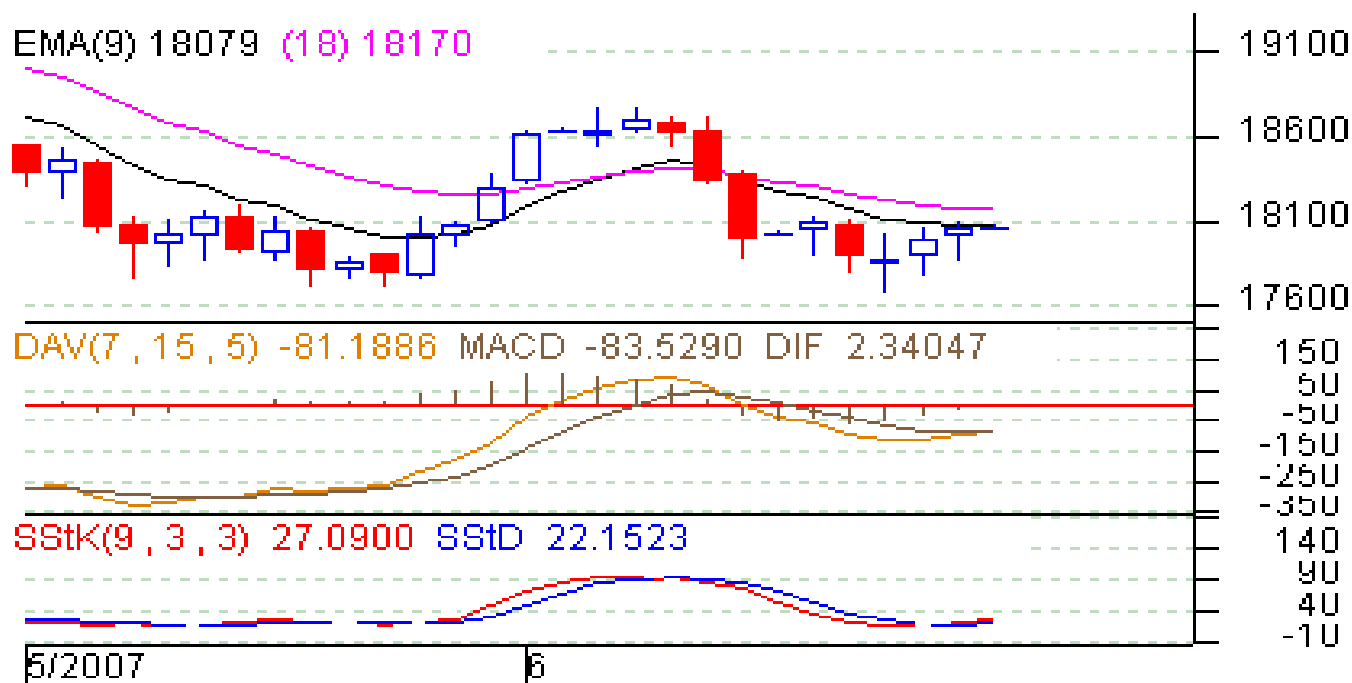
Support and resistance Levels:

Contract	S1	S2	R1	R2
MCX Aug 07	8650	8683	8971	9018

Commodity: SILVER

Contract: MCX July Contract

Periodicity: Weekly



Technical Analysis

Silver charts are looking slightly positive at this stage. The prices closed well below short term EMAs, which supports bears. MACD has made bullish crossover in positive territory. Stochastic is also supporting bulls in normal region. The prices are likely to see some more recovery.

Recommendation: Buy on recovery above 18135.

Support and Resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX July'07	17781	17650	18640	18905

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