

MAJOR ACTIVITY HIGHLIGHTS

- Bullions lost some shine in choppy trade during the week starting June 18 as stronger dollar faded attractiveness of investment in precious metals. High crude oil prices and unrest in Nigeria however contained the losses during the period to some extent. Gold for August delivery on Comex ended the week with a marginal loss of \$1.7 at \$657 per ounce. The contract saw the lows of \$650.5 an ounce on Thursday. August Gold on MCX ended the session at Rs 8742 per 10gm on Friday. Silver for July delivery lost 24 cents to settle at \$13.02 an ounce, while July silver at MCX finished at Rs. 17796 per kg.
- Supply concerns in South Africa eased after the Chamber of Mines' chief negotiator Elize Strydom had requested further talks with the trade union, Solidarity, the National Union of Mineworkers (NUM) and the United Association of South Africa (Uasa). The strike now has been suspended until the conclusion of the talks in July. Thus a labour dispute between workers and employers in the gold mining industry of South Africa has been suspended until the conclusion of wage talks next month. Chamber of Mines said it was prepared to make a new offer and requested that wage talks be resumed on July 2.
- Gold sales this year under CBGA2 has increased to 294 tonnes, just 1 tonne more than in the same period last year. The main sellers have been the ECB and Spain, who have sold 37 tonnes and 108 tonnes, respectively, over the past quarter.
- World official gold holdings dipped to 30383.8 tonnes in 2006 against 30725 tonnes in 2005, according to World Gold Council report. Official holdings of EU declined to 11359.3 tonnes from 12236.2 tonnes in 2005. Gold reserves of France declined most by 105.99 tonnes during the year, followed by Netherlands (54.04 tonnes) and Spain (40.95 tonnes). Among the gainers, Russia topped with a gain of 14.6 tonnes in 2006.
- Gold Fields Ltd. (GFI) Friday said a strike that began June 6 at its Choco 10 gold mine in Venezuela has ended and employees have returned to work. However, the strike has impacted production at the mine and output is now expected to be about 5,800 troy ounces for the quarter against a previous estimate of 8,000 ounces, the South African company said.

PRICES

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

Date	Delhi	London
18 June 2007	17993.25	1331
19 June 2007	18141.75	1319
20 June 2007	18177.95	1334
21 June 2007	18028.30	1317
22 June 2007	17974.50	1315.5
23 June 2007	17865.75	****

Silver Futures

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

Date	MCX -SILVER (July Contract)	COMEX -SILVER (July Contract)
18 June 2007	18040.00	1323.50
19 June 2007	18172.00	1332.50
20 June 2007	18052.00	1325.00
21 June 2007	17875.00	1309.00
22 June 2007	17796.00	1302.00
23 June 2007	17815.00	*****

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

Date	Mumbai	London (am fix)	London (pm fix)
18 June 2007	8783.00	658	656
19 June 2007	8740.00	655.1	656.3
20 June 2007	8770.00	659.6	657.7
21 June 2007	8676.35	654.5	650.5
22 June 2007	8673.35	652	652.85
23 June 2007	8675.00	****	*****

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

Date	MCX -GOLD (August Contract)	COMEX-GOLD (Aug Contract)
18 June 2007	8794.00	659.90
19 June 2007	8847.00	664.70
20 June 2007	8801.00	660.00
21 June 2007	8721.00	654.20
22 June 2007	8742.00	657.00
23 June 2007	8740.00	*****

GOLD DEMAND STATISTICS (LATEST)

Particulars	2005	2006	% Change 2006vs05	Q1'64	Q1206	Q3'06	Q4'06	Q107	% 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 lost some shine in choppy trade during the week starting June 18 as stronger dollar faded attractiveness of investment in precious metals. High crude oil prices and unrest in Nigeria however contained the losses during the period to some extent. Silver prices fell more during the period as gold got additional support in supply concerns in South Africa on account of dispute between workers and employers in the gold mining industry of the country.

Greenback remained strong against major counterparts, especially Yen, during the period supported by some positive economic news, before finally losing some ground against Euro on Friday on expectations for rising European interest rates. The yen fell to a four-and-a-half year low against the dollar on diminishing expectations that the Bank of Japan will hike interest rates more aggressively. Bullion markets is focusing on the developments in currency market and in this regard next week's FOMC meeting will be important for it. Although the market expects the Fed to keep rate policy steady, the Fed's focus on inflation also raises the risks that the next policy move would be to tighten rates, which is bearish for the bullions.

The developments in dispute between workers and employers in the gold mining industry of South Africa had also bearing on the volatility in the gold prices this week. Workers tabled their various demands with Chamber of Mines and threatened strike earlier this

week. However, the strike now has been suspended until the conclusion of the talks in July. Meanwhile, volatility in energy prices also infiltrated to the bullion market during the period.

Gold for August delivery on Comex ended the week with a marginal loss of \$1.7 at \$657 per ounce. The contract saw the lows of \$650.5 an ounce on Thursday. August Gold on MCX ended the session at Rs 8742 per 10gm on Friday. Silver prices surged in sync with the firmness in gold and copper markets during the week. Silver for July delivery lost 24 cents to settle at \$13.02 an ounce, while July silver at MCX finished at Rs. 17796 per kg.

Crude oil prices marginally extended the previous week's gains during the week starting June 11 supported by supply concern in Nigeria. Healthy crude supply position however kept a check on prices during the period. Supply concerns in Nigeria rose after a nationwide strike by union workers in the country began on Wednesday. Though the supplies have not affected by the strike so far, it might get hampered if the strike extends for long. Unions of oil workers in the country are protesting increases in fuel prices and value-added tax as well as the sale of two state-owned refineries. Further, workers at Brazilian oil firm Petrobras also threatened Monday to go on a five-day strike beginning July 5. The firm produces more than 95% of Brazil's oil output of 1.85 million bpd. Violence in Nigeria also kept the oil market worried about supplies from the eighth largest

exporter. Militants in the region occupied an oil station Sunday, which was recaptured by the nation's army on Thursday. Meanwhile, the crude oil market found some solace in the Energy Department report Wednesday, showing healthy stock position of crude. Crude supplies increased 6.9 million barrels for the week ended June 15 to 349.3 million barrels according to the report. Total supplies are now 3.2% above the year-ago level. Gasoline supplies also managed to climb 1.8 million barrels to 203.3 million barrels in the latest week despite fall in refinery

utilization. U.S. refinery utilization dropped to 87.6% of capacity last week, from 89.2% a week earlier, which is not a healthy sign as far as supplies are concerned. Capacity is 5.7 percentage points lower than it was a year ago and a full 6 percentage points lower than it should be at this time of year. Nymex WTI crude futures for August delivery added 60 cents during the week to close at \$69.14 a barrel; meanwhile the contract saw the highs of \$69.97 on Tuesday. MCX July delivery contract ended on Friday at Rs 2,815 per barrel.

Commodity: GOLD

Contract: MCX Aug Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is finding good support near 8678 levels and has tested it twice in the recent times, downtrend might extend if the prices breach this level. The prices closed below short term EMAs, which supports bears. Stochastic has made bearish crossover in normal region.

Recommendation: Sell on rallies towards resistance levels.

Support and resistance Levels:

Contract	S1	S2	R1	R2
MCX Aug 07	8670	8630	8853	8915

Commodity: SILVER

Contract: MCX July Contract

Periodicity: Weekly



Technical Analysis

Silver charts are looking slightly positive at this stage. Silver failed to extend the gains of the previous week and revert back to test the support levels at 17711. If it breaches these levels some more weakness is likely. Charts are supporting bears at this stage with momentum turning bearish again. The prices closed well below short term EMAs, which supports bears. The prices are likely to face stiff resistance at the long-term down trend line.

Recommendation: Sell on rallies towards resistance levels.

Support and Resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX July'07	17770	17650	18307	18454

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