

MAJOR ACTIVITY HIGHLIGHTS

- Gold prices ascended due to continued weakness in dollar, buoyant crude oil prices, fast growing Chinese economy, higher investment demand and surge in copper prices. COMEX August delivery Gold futures gained 3.7 % from the week's low of \$ 663.0 to the weeks high of \$ 687.6 per ounce. MCX August Gold futures ended at Rs 8924 on Friday after reaching the weeks high at Rs 8945 per 10gm.
- Silver prices advanced in tandem with a rise in gold prices this week. The prices surged following crude oil price rally, firmness in copper prices and weakness in greenback against major counter parts. COMEX September Silver futures prices grew 4.44 % from the week's low of \$ 12.925 an ounce to the weeks high of \$ 13.50 an ounce. The weekend's session closed at \$ 13.403 an ounce. MCX Silver September delivery futures prices were highest at Rs 18197 a Kg, closed at Rs 18088 a Kg on Friday.
- Fed Chairman Bernanke's testimony to the US Congress reiterated inflationary pressures as he stated the economy should expand at a moderate pace during the second half of the year and may strengthen a bit next year, core inflation may edge down slightly over the next year and a half.
- Bear Stearns's Co. revealed two of its hedge funds that bet heavily on sub prime loans reduced to little value, showing US sub prime woes continue. The Fed Chairman also warned about the dangers of the sub prime fallout to the US economy in his testimony.
- The National Development and Reform Commission of China stated China's gold industry revenue recorded a 43.83% rise to US\$ 4.21 billion during the H1,07. Gold production in the first half rose 15.26% on year to aggregate 122.2 metric tonnes.
- Turkey one of the major exporters of the precious metal saw its exports increased 18.5 % on year to 45.4 metric tonnes during H1, 2007.
- In India DSP Merrill Lynch Fund Managers has launched a gold fund, which would indirectly invest in North America, South African and Australian gold mining companies, through an international fund.

PRICES

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

Date	Delhi	London
16 July 2007	17532.90	1303
17 July 2007	17490.85	1290
18 July 2007	17565.55	1294
19 July 2007	17871.50	1325
20 July 2007	17915.30	1329
21 July 2007	17960.50	****

Silver Futures

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

Date	MCX -SILVER (September)	COMEX -SILVER (September)
16 July 2007	17718.00	1306.50
17 July 2007	17655.00	1301.80
18 July 2007	17970.00	1329.00
19 July 2007	18041.00	1337.50
20 July 2007	18088.00	1340.30
21 July 2007	18096.00	*****

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

Date	Mumbai	London (am fix)	London (pm fix)
16 July 2007	8785.00	667.25	666
17 July 2007	8786.00	663.15	666.5
18 July 2007	8810.00	667.75	666.75
19 July 2007	8891.00	673	674.5
20 July 2007	8868.35	676	681.6
21 July 2007	8956.65	*****	*****

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

Date	MCX -GOLD (August Contract)	COMEX-GOLD (Aug Contract)
16 July 2007	8895.00	666.30
17 July 2007	8892.00	665.90
18 July 2007	8951.00	673.70
19 July 2007	8984.00	678.10
20 July 2007	9047.00	684.70
21 July 2007	9046.00	*****

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

Precious metals prices shot up adding some extra bucks during the week ending July 20 owing to multiple factors including persistent weakness in the greenback, buoyant crude oil prices, fast growing Chinese economy, higher investment demand and surge in copper prices.

Federal Reserve Chairman Ben Bernanke's testimony to the US Congress reiterated inflationary pressures as he stated the economy should expand at a moderate pace during the second half of the year and may strengthen a bit next year, core inflation may edge down slightly over the next year and a half. The Chairman also warned about the dangers of the sub prime fallout to the US economy. Bear Stearns Co. revealed two of its hedge funds that bet heavily on sub prime loans reduced to little value, showing US sub prime woes continue.

US Consumer Price Inflation meanwhile rose 0.2% in June from 0.7% gain in May and housing starts numbers increased 2.3% in June to an annual rate of 1.467 million units. Consequently the markets witnessed a surge in copper prices, in turn providing support to the bullions prices as it enjoys a reasonably good positive correlation due to silver and coppers industrial applications.

The dollar fell record lows against major currencies; Euro increased against dollar from prior week's close

of 1.3781 to the week ending July 20's close of 1.3826.

China's second quarter GDP observed more than anticipated 11.9% y.o.y. growth compelling the People's Bank of China to hike one year Yuan lending rates by 27 basis points to 6.84%. China's National Development and reform commission stated China's gold industry revenue recorded a 43.83 percent rise to US\$ 4.21 billion during the first half of 2007. Gold production in the first half rose 15.26 percent on year to aggregate 122.2 metric tonnes.

Turkey one of the major exporters of the precious metal saw its exports increased 18.5 percent on year to 45.4 metric tonnes during H1, 2007.

The demand for gold in physical markets usually remains slack during the season from May end to around mid August, however investment demand for same is increasing due to strong crude oil prices, sub prime mortgage concerns and plunge in dollar. The investment demand for the yellow metal on the global gold exchange traded funds is rising fast and participants believe this demand is likely to continue till at least September end. In India DSP Merrill Lynch Fund Managers has launched a gold fund, which would indirectly invest in North America, South African and Australian gold mining companies, through an international fund.

Silver prices climbed in tandem with gold and copper prices. LME Copper crossed \$ 8000 a tonne mark during the week ending July 20 on labor disruptions, Chinese GDP data, and successive drawdown in LME inventories and high crude oil prices.

COMEX August delivery Gold futures gained 3.7 % from the week's low of \$ 663.0 to the weeks high of \$ 687.6 per ounce. MCX August Gold ended after

reaching the weeks high at Rs 8945 at Rs 8924 per 10gm during Friday's session.

COMEX September Silver futures prices grew 4.44 % from the weeks low of \$ 12.925 an ounce to the weeks high of \$ 13.50 an ounce. The weekend's session closed at \$ 13.403 an ounce. Silver September delivery on the MCX was seen highest at Rs 18197 a Kg, closed at Rs 18088 a Kg on Friday.

Commodity: GOLD

Contract: MCX Aug Contract

Term: Short-term (Weekly)



Technical Analysis

The prices closed far above short term EMAs, which supports bulls. MACD is rising in positive zone showing increasing bullish momentum. Stochastic is in overbought zone however warrants some caution to bulls.

Recommendation: Buy only on dips

Support and resistance Levels:

Contract	S1	S2	R1	R2
MCX Aug 07	8734	8632	9016	9200

Commodity: SILVER

Contract: MCX September Contract

Periodicity: Weekly



Technical Analysis

Silver prices remained on an uptrend. The prices closed above short and medium term EMAs, which supports bulls. MACD is rising in positive zone indicating bullish momentum. Overbought levels of stochastic however warrant some caution to bulls.

Recommendation: Buy on dips

Support and Resistance Levels

Contract	S-1	S-2	R-1	R-2
MCX Sept'07	17582	17375	18523	18910

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