

MAJOR ACTIVITY HIGHLIGHTS

- Bullion prices witnessed severe hitting during the week starting July 23 as plunge in US stock markets triggered long liquidation in the precious metal. Rebound in dollar towards the end of the week also faded the shine of gold. Gold for August delivery on Comex ended the week with a heavy loss of \$24.6 at \$660.1 per ounce. The contract saw the lows of \$652.80 an ounce on Thursday. August Gold on MCX ended the session at Rs 8683 per 10gm on Friday. Silver prices also dipped in conformity with weakness in gold.
- Sharp decline in US stock markets during the week triggered long liquidations in gold to fulfill margin requirement. Pressured by shaky credit markets and surging crude oil prices, stocks closed sharply lower towards the end of the week.
- The dollar rebounded from the all time lows against the euro and also gained against the other major currencies as the currency market iterated the possibility that the decline in the U.S. subprime market might spill over into some global financial institutions. Also, healthy growth of 3.4% in US GDP during second quarter also supported the currency.
- The supply concerns in South Africa continued to support the gold prices. The unions rejected a 7.25% wage offer from the Chamber of Mines, but they agreed to meet again on August 1.
- The Russian gold production fell 3.4% year-on-year to 55.147 tonnes in the first half of 2007 according to Russian Gold Producers' Union. Further, According to the National Development and Reform Commission of China, the country produced 122 tonnes of gold in H1 this year, up 15%, from the same period a year earlier and it expect annual production to reach 260 tonnes.
- The yellow metal prices also got some support from the ETF buying. According to reports, total volume held in the five main gold ETFs has risen 5.4% to 662.55 tonnes in the past three weeks.
- Prospective Central Bank gold selling in the coming months might pressure the gold prices. Banks have been forecasted to sell 400 tonnes in 2006, which means there is a scope of 100 tonnes of gold sales in the last two months of the CBGA selling season.

PRICES

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

Date	Delhi	London
23 July 2007	17999.30	1334
24 July 2007	17932.30	1334
25 July 2007	17778.45	1317.5
26 July 2007	17740.80	1313
27 July 2007	17317.20	1275
28 July 2007	17260.80	****

Silver Futures

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

Date	MCX -SILVER (September)	COMEX -SILVER (September)
23 July 2007	18000.00	1332.00
24 July 2007	18107.00	1344.30
25 July 2007	17781.00	1315.00
26 July 2007	17482.00	1295.00
27 July 2007	17314.00	1271.50
28 July 2007	17331.00	*****

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

Date	Mumbai	London (am fix)	London (pm fix)
23 July 2007	8953.50	683.5	682
24 July 2007	8926.65	682.75	684.3
25 July 2007	8905.00	677.25	674.75
26 July 2007	8850.00	675.4	670
27 July 2007	8721.25	663.5	660.5
28 July 2007	8720.00	****	****

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

Date	MCX -GOLD (August Contract)	COMEX-GOLD (Aug Contract)
23 July 2007	9006.00	681.50
24 July 2007	9018.00	684.80
25 July 2007	8935.00	673.80
26 July 2007	8810.00	662.80
27 July 2007	8797.00	660.10
28 July 2007	8805.00	****

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

Bullion prices witnessed severe hitting during the week starting July 23 as plunge in US stock markets triggered long liquidation in the precious metals. Rebound in dollar towards the end of the week also faded the shine of bullions. The greenback rebounded from the all time lows against the euro and also gained against the other major currencies towards the end of the week as the currency market iterated the possibility that the decline in the US subprime market might spill over into some global financial institutions. Also, healthy growth of 3.4% in US GDP during second quarter also supported the currency. Banks have been forecasted to sell 400 tonnes in 2006, which means there is a scope of 100 tonnes of gold sales in the last two months of the CBGA selling season. Interestingly, the bullion market seemed decoupled from the energy market where the prices surged to near record high levels. Pressured by shaky credit markets and surging crude oil prices, stocks witnessed a sharp plunge during the week triggering the long liquidations in bullions to fulfill margin requirement. Gold prices got some support during the earlier part of the week from supply concerns in South Africa and some ETF buying. The unions rejected a 7.25% wage offer from the Chamber of Mines, but they agreed to meet again

on August 1. According to reports, total volume held in the five main gold ETFs has risen 5.4% to 662.55 tonnes in the past three weeks. However, the prices plunged after the meltdown in US stock markets. In such a market, if central banks start selling gold some more weakness in the market can be seen. Banks have been forecasted to sell 400 tonnes in 2006, which means there is a scope of 100 tonnes of gold sales in the last two months of the CBGA selling season. Gold for August delivery on Comex ended the week with a heavy loss of \$24.6 at \$660.1 per ounce. The contract saw the lows of \$652.80 an ounce on Thursday. August Gold on MCX ended the session at Rs 8683 per 10gm on Friday. Silver prices also dipped in conformity with weakness in gold. Silver for September delivery shed 68.8 cents to settle at \$12.715 an ounce, while September silver at MCX settled at Rs. 17314 per kg Friday.

Gold for August delivery on Comex ended the week with a heavy loss of \$24.6 at \$660.1 per ounce. The contract saw the lows of \$652.80 an ounce on Thursday. August Gold on MCX ended the session at Rs 8683 per 10gm on Friday. Silver prices also dipped in conformity with weakness in gold.

Commodity: GOLD

Contract: MCX Aug Contract

Term: Short-term (Weekly)



Technical Analysis

Gold failed to hold the breakout above long-term downtrend line and retreated after some traders' remorse. The prices closed below short term EMAs, which supports bears. MACD is about to enter in negative region, currently showing decrease in bullish momentum. Oversold levels of stochastic however warrant some caution to bears.

Recommendation: Remain short with caution

Support and resistance Levels:

Contract	S1	S2	R1	R 2
MCX Aug 07	8588	8530	8864	8978

Commodity: SILVER

Contract: MCX September Contract

Periodicity: Weekly



Technical Analysis

Silver breached the short-term bullish trend recently. The prices dipped below short term EMAs, which supports bears. MACD has also entered in to the negative territory, which is a bearish sign. Oversold levels of stochastic however warrant some caution to bears.

Recommendation: Remain short with caution

Support and Resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX Sept'07	16700	16950	17985	18214

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.