

MAJOR ACTIVITY HIGHLIGHTS

- Peru's union officials are planning a national strike starting Nov. 5. This might impact output at the Yanacocha gold mine, one of the world's largest gold mine.
- Turkish gold bullion imports fell 48.9% to 13.605 tons in September from 26.604 tons a year earlier, according to the report of the Istanbul Gold Exchange.
- Signatories to the CBGA are expected to have sold 475 metric tons of gold in the third year of the current agreement, according to the World Gold Council. This is up from 395.8 tons sold in the second year of the agreement.
- The South African government has ordered Elandsrand mine of Harmony Gold Mining Co. to be closed for up to six weeks as an investigation into the cause of the accident in which about 3,200 workers were trapped, is carried out.
- The funds continued to buy gold in the week to Tuesday as depicted by the record net long positions of funds on the Comex division of the New York Mercantile Exchange. The funds were net long by 194,911 lots for futures and options combined.
- Gold holdings of StreetTRACKS Gold Shares, the largest gold ETF declined marginally by 0.03% to 577.85 tonnes during the week. Similarly holdings of COMEX Gold Trust declined by 0.03% to 50 tonnes.
- ETFs continue to accumulate silver despite high prices, which looks positive for the metal. The silver holdings of iShares silver trust, the largest silver ETF, remained unchanged at 4464.49 tonnes during the week, whereas silver holdings of ETFS Physical Silver increased 5.8% during the period to 2706772 ounces.
- Eurozone banks are likely to tighten credit, especially to big companies, following recent upheaval in money markets, the results of a European Central Bank (ECB) survey released on Friday showed. ECB kept the interest rates unchanged at 4% dropping the plans for a rise. Dollar remained strong during the week on fading chances of further interest rate cut by Fed.
- Crude oil finished the week with marginal losses as mixed supply position, roller coaster movement in dollar and indecision about the fourth quarter oil demand kept the prices swinging. Nymex WTI crude futures for November delivery shed 44 cents a barrel during the week to close at \$81.22 a barrel.

PRICES

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

Date	Delhi	London
24 Sept 2007	18164.70	1377.5
25 Sept 2007	*****	1328
26 Sept 2007	17810.95	1335
27 Sept 2007	17468.90	1322
28 Sept 2007	17743.75	1343.5
29 Sept 2007	17706.15	*****

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

Date	Mumbai	London (am fix)	London (pm fix)
24 Sept 2007	9620.00	745.25	742.5
25 Sept 2007	****	735.75	731
26 Sept 2007	9438.55	733.15	730.25
27 Sept 2007	9318.55	726.75	725.5
28 Sept 2007	9444.15	735.85	735.85
29 Sept 2007	9512.15	****	****

Silver Futures (Rs/Kg)

Date	MCX -SILVER (Dec Contract)	COMEX -SILVER (Dec Contract)
24 Sept 2007	18468.00	1304.50
25 Sept 2007	*****	1345.00
26 Sept 2007	18025.00	1347.00
27 Sept 2007	17971.00	1350.00
28 Sept 2007	17998.00	1349.00
29 Sept 2007	17993.00	*****

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

Date	MCX -GOLD (Dec Contract)	COMEX-GOLD (Dec Contract)
24 Sept 2007	9639.00	754.10
25 Sept 2007	****	736.30
26 Sept 2007	9463.00	373.70
27 Sept 2007	9475.00	743.80
28 Sept 2007	9522.00	747.20
29 Sept 2007	9513.00	*****

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

Bullions ended a choppy trade during the week starting October 1 with marginal losses. The market shrugged off the initial weakness to recoup most of the losses as strong investment demand and slight weakness in dollar towards the end of the week supported the precious metals. Strong dollar and weakness in crude oil prices kept the prices on the softer side during the early part of the week. Strong recovery towards the end of the week however shows the underlying strength in the bullion market as buying support comes on every major decline in the prices.

Further, dollar's failure to sustain the gains following the stronger than expected jobs report suggests that the currency market is still not fully convinced about the economic health of the largest economy. The funds continued to buy gold in the week to Tuesday as depicted by the record net long positions of funds on the Comex division of the New York Mercantile Exchange. The funds were net long by 194,911 lots for futures and options combined. Meanwhile, ETF demand for the metal is seen marginally weak during the week. Gold holdings of StreetTRACKS Gold Shares, the largest gold ETF declined marginally by 0.03% to 577.85 tonnes during the week. Similarly holdings of COMEX Gold Trust declined by 0.03% to

50 tonnes. Gold is getting support from the physical and investment demand, tightening supplies, dollar weakness and geopolitical concerns at this juncture, but whether the current firmness will be sustain or not will largely depend on the action in the currency and energy markets.

Further, apart from the investment demand the activity in the physical markets, particularly in India will be crucial for gold, as any demand compression in this price sensitive market during its peak demand season would hurt the prices.

Meanwhile, crude oil finished the volatile trade during the week starting October 1 with marginal losses mixed supply position, roller coaster movement in dollar and indecision about the fourth quarter oil demand kept the prices swinging. The second consecutive weekly build up in US crude stocks eased some of the supply concerns in a relatively calm weather conditions during the week, whereas fall in supplies of distillates including heating oil and falling refinery activity suggested product supplies will be tight when heating season demand begins to grow during winter. Nymex WTI crude futures for November delivery shed 44 cents a barrel during the week to close at \$81.22 a barrel after trading in the range of \$78.87-\$82.02 a barrel. MCX November

delivery contract of crude oil settled at Rs 3166 per barrel on Friday.

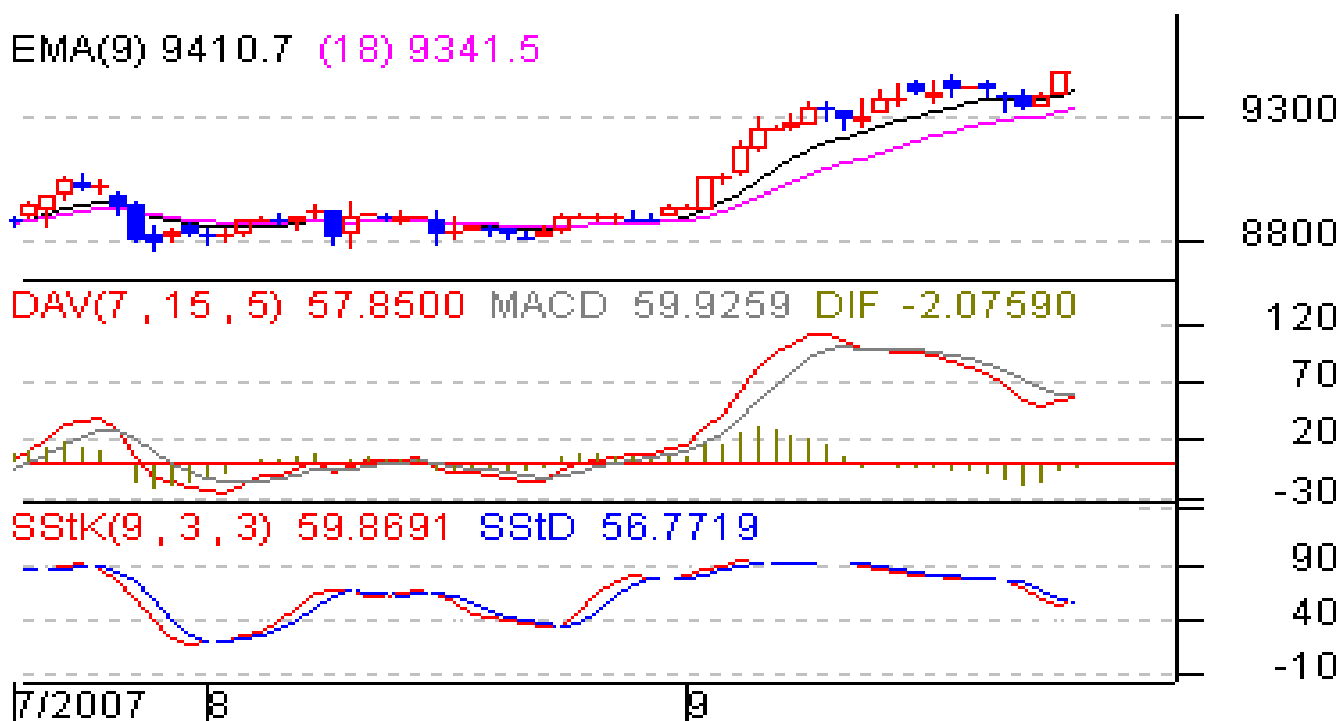
Gold for December delivery at COMEX shed \$2.8 during the week to close at \$747.20 an ounce after

trading as low as \$726.3. December gold on MCX ended the session at Rs 9522 per 10gm on Friday. Silver also followed gold during the period and its December contract at Nymex shed 43 cents to settle at \$13.49 an ounce, while December silver at MCX settled at Rs. 17998 per kg on Friday.

Commodity: GOLD

Contract: MCX Dec Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is looking slightly weak at this stage. The prices continue to hold above short term and medium term EMAs, which supports the gold bulls. MACD has just made bearish crossover in positive zone. Stochastic is also in favor of bears in normal region.

Recommendation: Buy on major dips

Support and resistance Levels:

Contract	S1	S2	R1	R 2
MCX Dec 07	9373	9320	9638	9722

Commodity: SILVER

Contract: MCX Dec Contract

Periodicity: Weekly



Technical Analysis

Silver is looking slightly weak at this stage. The prices slipped below short term EMAs, which supports bears. MACD has just made bearish crossover in positive region. Stochastic is in favour of bears in normal region.

Recommendation: Buy on major dips

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX Dec'07	17519	17333	18422	18652

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