

MAJOR ACTIVITY HIGHLIGHTS

- Russia's gold production declined 2.46% during January-September period as compared to the corresponding period last year to 19.737 metric tons of gold, according to the figures released by the gold producers' union Monday. Meanwhile, gold reserves of the Central Bank of Russia increased 5.3% during the third quarter of the year to 13.8 million Troy ounces on Oct. 1.
- Funds continued to accumulate gold at Comex. The net long position of funds in Comex gold touched record high of 224,784 lots during the week ending Tuesday, up from the previous week's net long position of 211,651 lots.
- According to the world gold council, physical demand for gold in the fourth quarter should be healthy if gold's price volatility remains relatively low. Gold's average price volatility in the third quarter eased slightly, declining to 11.4% from 12.3% in the second quarter, according to a gold council report released Tuesday.
- According to the head of GSFM, gold will likely mark a new record high in 2008 as more investors come to recognize the metal as a safe, alternative store of value amid uncertainties over the U.S. economy. In the next 12 to 18 months \$800 is almost certain and \$850 or even \$900 is possible, especially if there is an attack on Iran.
- Gold import to Dubai in the third quarter jumped 47% to 174 tons from 118 tons, while exports during the same period rose 28% to 68 tons from 53 tons last year as per a government-controlled DMCC's report. Dollar continued to weaken against major counterparts on concerns of slowdown in US economy and interest rate cut by Fed in its forthcoming meeting.
- Meanwhile, geopolitical tensions in Middle East increased the shine of precious metals as it increased the safe haven demand for the precious metals. The US imposed new sanctions on Iran for supporting terrorism. The new measures target the finances of Iran's Islamic Revolution Guards Corps and three state-owned banks.
- Continued weakness in dollar also increased demand for precious metals as an alternative investment avenue. The currency is plunging against the major counterparts on expectations of another interest rate cut by Fed.

PRICES

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

Date	Delhi
22 Oct 2007	17833.55
23 Oct 2007	18002.55
24 Oct 2007	17860.55
25 Oct 2007	18081.45
26 Oct 2007	18469.15
27 Oct 2007	18686.25

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

Date	Mumbai
22 Oct 2007	9737.00
23 Oct 2007	9756.65
24 Oct 2007	9721.25
25 Oct 2007	9835.00
26 Oct 2007	9948.00
27 Oct 2007	10045.00

Silver Futures (Rs/Kg)

Date	MCX -SILVER (Dec Contract)	COMEX -SILVER (Dec Contract)
22 Oct 2007	19700	1355.50
23 Oct 2007	19500	1365.00
24 Oct 2007	19500	1359.00
25 Oct 2007	19600	1390.50
26 Oct 2007	20037	1428.00
27 Oct 2007	20037	1450.00

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

Date	MCX -GOLD (Dec Contract)	COMEX-GOLD (Dec Contract)
22 Oct 2007	9745	760.00
23 Oct 2007	9753	763.10
24 Oct 2007	9778	765.60
25 Oct 2007	9828	771.00
26 Oct 2007	9978	787.50
27 Oct 2007	10019	796.20

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 continued to climb higher during the week starting October 15 on increased investment demand due to soaring crude oil prices, geopolitical tensions and record weakness in dollar. Bullions benefited from geopolitical tensions and from high oil prices, because investors believe they act as inflation hedge and that they maintain their value in times of economic or political distress.

Dollar plunged during the week to record low levels against major counterparts on concerns of slow down in the largest economy and the possible rate cut by Fed in the forthcoming meeting.

Further, crude oil prices soared on rising geopolitical tensions between Iraq and Turkey. Turkish Parliament recently authorized military incursions into Northern Iraq to hunt down Kurdish rebels.

The rising prices of bullions however might result in some demand compression in jewellery market. Accordingly, WGC revised down the expected gold imports to 800 metric tonnes in 2007, against earlier expectations of 1000 tonnes according to WGC. Till September, India had already imported 715 tonnes of gold. Meanwhile, CPM group also said in its recent report that the rise in gold and silver prices has dampened buying of jewellery as a form of investment in India, but demand for investment bars,

coins and other bullion products in India, Pakistan and the Middle East more than offset the decline in demand for gold and silver jewellery as traditional investment forms. So, the strong investment demand for the bullions in the scenario of economic and geopolitical uncertainty might keep supporting the prices to counter balance any impact of fall in jewellery demand to some extent

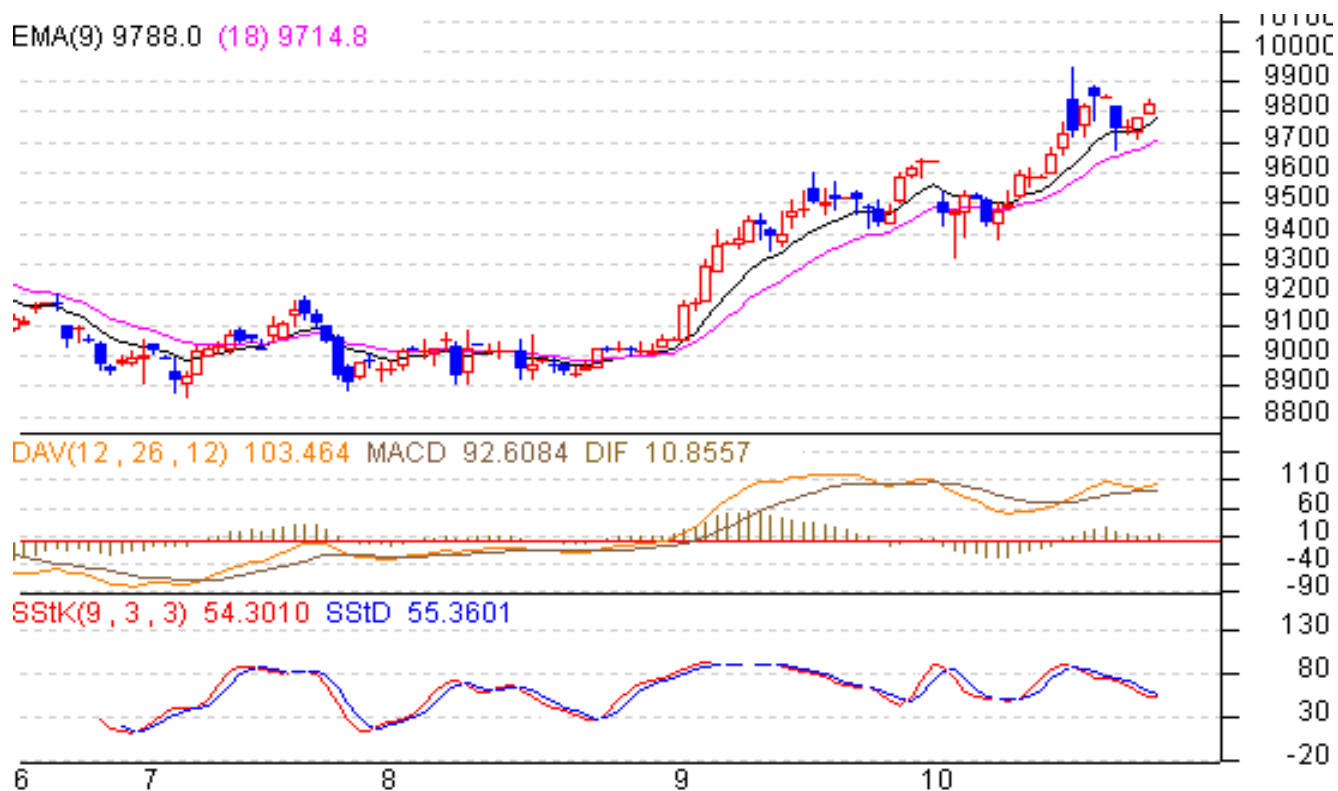
Gold for December delivery at COMEX surged to the highs of \$774.9 an ounce on Thursday before closing at \$768.70 an ounce. December gold on MCX ended the session at Rs 9817 per 10gm on Thursday. Silver on the other hand is looking sluggish; still it managed to recoup most of the earlier losses of the week. December silver at Nymex closed at \$13.803 an ounce on Thursday, while December silver at MCX settled at Rs. 18317 per kg.

Crude oil prices skyrocketed during the week starting October 15 on shrinking supplies; supply threatening geopolitical tensions and weakening dollar. The crude oil markets remained worried about shrinking supplies ahead of peak demand winter season after weekly US crude supply data showed unexpected decline. Nymex WTI crude futures for November delivery surged to a fresh record high levels of \$92.22 a barrel on Friday before closing the session at \$91.86 a barrel. MCX November delivery contract of crude oil settled at Rs 3568 per barrel on Friday.

Commodity: GOLD

Contract: MCX Dec Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is looking positive at this stage. The prices continue to hold above short term and medium term EMAs, which supports the bulls. MACD is running upwards in positive region showing increase in bullish momentum. Stochastic is in favor of bears in normal region.

Recommendation: Buy on dips

Support and resistance Levels:

Contract	S1	S2	R1	R 2
MCX Dec 07	9948	9890	10140	10264

Commodity: SILVER

Contract: MCX Dec Contract

Periodicity: Weekly



Technical Analysis

Silver is looking strong at this stage. It has breached a good resistance at 18500 levels. MACD has made bullish crossover in positive region. RSI is supporting bulls, but overbought levels warrants caution. 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	18458	18280	19193	19396

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