

MAJOR ACTIVITY HIGHLIGHTS

- India is expected to import 800 metric tonnes to 900 tons of gold in 2007, up from 715 tons in 2006, against earlier expectations of 1000 tonnes according to WCG. Till September, India had already imported 715 tonnes of gold.
- Turkey's gold jewelry exports rose 21.6% to 71.4 metric tons in January to September from the same period a year ago according to the data from the General Secretariat of Istanbul Mineral and Metals' Exporters Association. Meanwhile, gold production in Kazakhstan during January-September fell by 10% to 5.999 tonnes.
- Turkey's gold imports to rose 24% to 192 tonnes in the first nine months of 2007, matching the total for the whole of last year, according to the figures from the Istanbul Gold Exchange. Turkey is the world's third biggest consumer of bullion. Though the lower demand during Ramzan, caused imports to halve in September to 13.6 tonnes, from 27.7 in August, the overall trend is very strong.
- The funds continued to accumulate gold during the week ending Tuesday, as per CFTC data. The net long position of funds stood at 211,651 lots for futures and options combined, more than triple the 69,425 total from Aug. 21 and up from 194,911 the prior week.
- CPM group said in its recent report that The rise in gold and silver prices has dampened buying of jewelry 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 jewelry as traditional investment forms. Morgan Stanley cut 2007 silver price forecast to \$13.30 a troy ounce from \$13.80 and sees 08 at \$15. According to it while silver prices will be supported by a further rally in gold, an economic recovery in the US and stronger demand from the developing world will be needed for the gold/silver ratio to continue to drift lower.
- Silver production by Endeavour Silver Corp. was up sharply in Q3, 2007, to 577,384 ounces of silver setting a new record for quarterly silver production from the Company's two operating mines in Mexico. Silver production was 34% higher than Q2, 2007 and jumped 74% compared to Q3, 2006.
- Crude oil prices surged to fresh all time high levels on supply concerns and geopolitical tensions ahead of peak demand winter season.
- Dollar continued to weaken against major counterparts on concerns of slowdown in US economy and interest rate cut by Fed in its forthcoming meeting.

PRICES

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

Date	Delhi	London
15 Oct 2007	18216.00	1395
16 Oct 2007	17844.00	1366
17 Oct 2007	18018.00	1360
18 Oct 2007	18127.00	1368
19 Oct 2007	18126.00	1383
20 Oct 2007	17988.00	****

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

Date	Mumbai	London (am fix)	London (pm fix)
15 Oct 2007	9710.00	755.85	758.85
16 Oct 2007	9685.00	761.75	756.75
17 Oct 2007	9760.00	759.75	762.5
18 Oct 2007	9890.00	758.35	764.15
19 Oct 2007	9912.00	****	****
20 Oct 2007	9865.00	****	****

Silver Futures (Rs/Kg)

Date	MCX -SILVER (Dec Contract)	COMEX -SILVER (Dec Contract)
15 Oct 2007	18279.00	1385.50
16 Oct 2007	18189.00	1365.40
17 Oct 2007	18228.00	1375.00
18 Oct 2007	18317.00	1380.30
19 Oct 2007	18152.00	1363.50
20 Oct 2007	18169.00	****

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

Date	MCX -GOLD (Dec Contract)	COMEX-GOLD (Dec Contract)
15 Oct 2007	9663.00	762.20
16 Oct 2007	9728.00	762.00
17 Oct 2007	9737.00	762.30
18 Oct 2007	9817.00	768.70
19 Oct 2007	9846.00	768.40
20 Oct 2007	9849.00	****

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 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.

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. Gold for December delivery at COMEX surged to the highs of \$776.9 an ounce on Friday before closing at \$768.40 an ounce with a gain of \$14.9 for the week. December gold on MCX ended the session at Rs 9846 per 10gm on Friday. Silver looked slightly weak during the week as compared to gold due to relatively weak fundamentals. December contract of silver Nymex shed 26.8 cents during the week to settle at \$13.635 an ounce, while December silver at MCX settled at Rs. 18152 per kg on Friday.

Crude oil prices surged to fresh record high levels during the week starting October 15 on supply concerns due to rising tensions between Turkey and Iran. Continued weakness in dollar also supported the higher crude oil prices. Supply concerns rose after the Turkish Parliament authorized military action against Kurdish rebels in northern Iraq. The major concern for the oil market is that the attack might shut

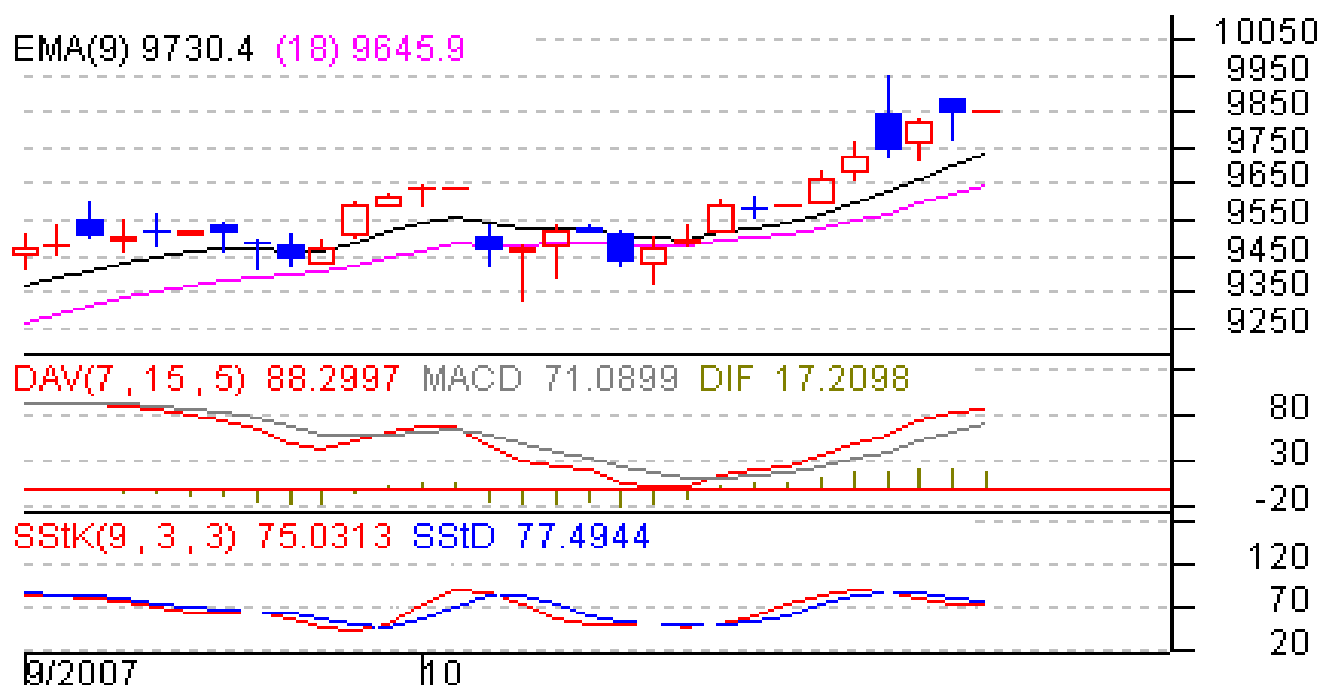
down the Ceyhan oil pipeline that runs from the oil fields of Kurdish northern Iraq across southern Turkey to a tanker-loading terminal in the Mediterranean. The continued weakness in dollar also helped support the crude oil prices to reach fresh all time high levels. Nymex WTI crude futures for

November delivery surged to a fresh record high levels of \$90.07 a barrel on Friday before closing the session at \$88.60 a barrel adding \$4.91 a barrel during the week. MCX November delivery contract of crude oil settled at Rs 3426 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 gold 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

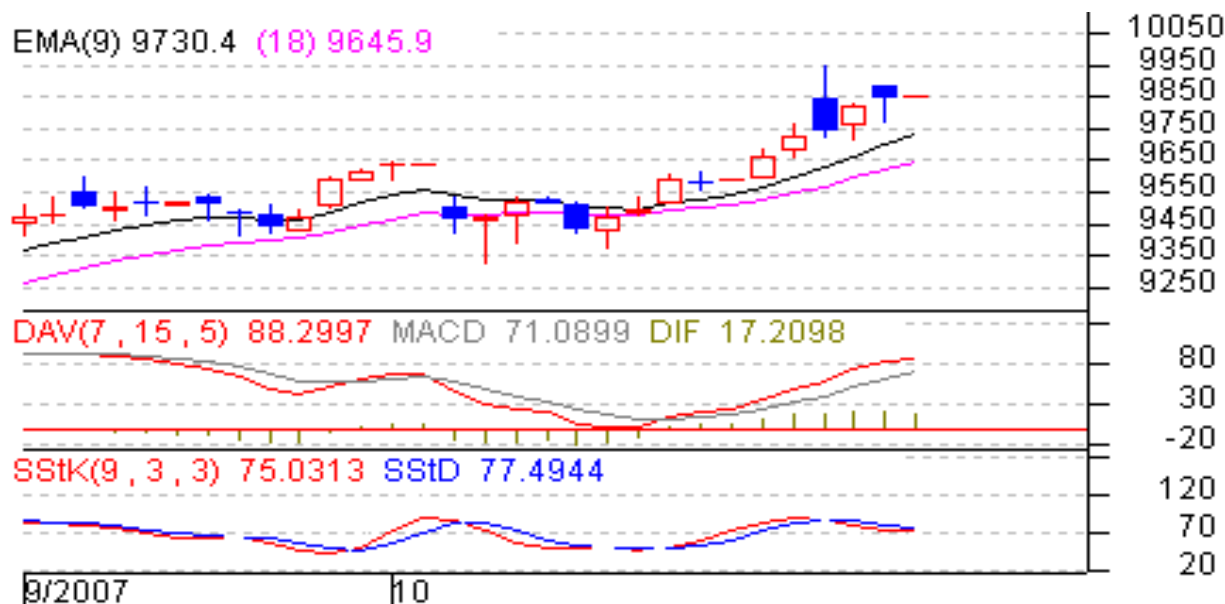
Support and resistance Levels:

Contract	S1	S2	R1	R2
MCX Dec 07	9670	9585	10026	10100

Commodity: SILVER

Contract: MCX Dec Contract

Periodicity: Weekly



Technical Analysis

Silver is looking slightly weak at this stage. The prices have slipped below short term EMA, which supports bears. MACD is running down in positive region, showing gradually falling bullish momentum. 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	17840	17649	18504	18746

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