

MAJOR ACTIVITY HIGHLIGHTS

- Mexico's gold production rose 2.8% to 3.040 tonnes in October from the year-ago month according to the National Statistics Institute, or Inegi. U.S. gold production in August was 19,600 kilograms, 1.5% below the 19,900 kg produced the previous month, according to the U.S. G. S. The gold production for the first eight months of 2007 was 158,000 kg. Mexico's silver production rose 35.1% to 194.727 tonnes in October from the year-ago month according to the National Statistics Institute.
- The world's fourth-largest gold producer, Gold Fields Ltd. expects its gold production to decline by 3.5% and costs to rise during the current quarter due to safety-related work stoppages at its South African mines. The company produced slightly more than 1 million ounces of gold in the first quarter of the current year and 1.04 million ounces in the second quarter of financial 2006.
- Russia's gold production in January-November period fell 2% to 151.9 metric tonnes compared with the corresponding period last year, according to the gold producers' union. Gold production from mining declined 3.15% to 135.516 tonnes as compared to January-November 2006. Russia's gold production in 2006 fell to 164.32 tons from 168.068 tons in 2005.
- The dollar weakened against its major rivals in thin trading conditions on Friday, despite strong U.S. consumer spending data and a higher than expected core inflation figure that showed fading chances of further interest rate cut by Fed. Dollar index slipped down 0.1% to 77.70.
- The gold scrap sales in India and the Middle East has been surprisingly this year despite higher prices, according to London-based metals consultancy GSFM LTD. Sales of gold jewellery by consumers for melting and refabrication, dubbed scrap, usually rise, particularly in price-sensitive regions such as India and the Middle East with the increase in prices. The average quarterly gold scrap sales in India have declined this year to 20 tonnes against 30 tonnes in 2003.
- Trading in gold is likely to remain sideways on thin trading towards the closure of the year and volatile action in currency and energy markets.
- The Eurosystem's reserves of gold and gold receivables fell EUR32 million to EUR185.303 billion in the week ended December 14, according to the European Central Bank.
- Crude oil recovered smartly as shrinking US crude supplies, geopolitical tensions in Middle East and easing concerns over credit crisis supported the crude oil prices. However, forecasts of warmer weather conditions in US in January added some weakness in the market. Nymex WTI January crude traded in the range of \$87.09-94.85 a barrel during the week before closing at \$89.27 per barrel with a gain of \$2.2. MCX January delivery contract of crude oil settled at Rs 3598 /barrel Friday.

PRICES

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

Date	Delhi
17 Dec 2007	18166.50
18 Dec 2007	18414.00
19 Dec 2007	18493.00
20 Dec 2007	18474.90
21 Dec 2007	18633.90
22 Dec 2007	18845.00

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

Date	Mumbai
17 Dec 2007	10200.00
18 Dec 2007	10310.00
19 Dec 2007	10270.00
20 Dec 2007	10250.00
21 Dec 2007	10300.00
22 Dec 2007	10396.65

Silver Futures (Rs/Kg)

Date	MCX -SILVER (March Contract)	COMEX -SILVER (March Contract)
17 Dec 2007	18494.00	1398.00
18 Dec 2007	18692.00	1416.50
19 Dec 2007	18759.00	1422.20
20 Dec 2007	18913.00	1434.00
21 Dec 2007	19066.00	1448.80
22 Dec 2007	19099.00	*****

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

Date	MCX -GOLD (Feb Contract)	COMEX-GOLD (Feb Contract)
17 Dec 2007	10170.00	799.30
18 Dec 2007	10262.00	807.40
19 Dec 2007	10257.00	805.40
20 Dec 2007	10232.00	803.20
21 Dec 2007	10351.00	815.40
22 Dec 2007	*****	*****

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

Precious metals jumped higher after recent choppy and thin trade as weakness in dollar and recovery in crude oil prices boosted the investment demand. The expectations that dollar weakness might extend further in 2008 kept the outlook for the precious metals positive, going in to net year. Further, recent indication of US Fed indicate that they were planning to offer liquidity auctions twice a week until the liquidity pinch is relieved seemed easing sub-prime related concerns of the market.

The precious metals, particularly gold, have been periodically hammered by the fear of slowdown in the economy. The precious metal is witnessing a great deal of volatility these day as market players are caught between locking in profits for year-end and increasing their safe-haven holding on dips. Meanwhile, strong fundamentals of gold continue to attract investors especially with depleting mine supply of the metal in major gold producing nations. Interestingly, scrap sales in Asian countries has declined this year despite rising prices according to London-based metals consultancy GSFM LTD. The average quarterly gold scrap sales in India have declined this year to 20 tonnes against 30 tonnes in 2003. Further, signs of rising inflation amid still rising

oil prices are benefiting gold, which is traditionally bought as a hedge against rising prices.

Silver prices also witnessed some firmness in conjunction with base metals recently as easing concerns over credit market problems and some stronger economic data apparently fostered ideas that the demand for the industrial metal is likely to remain robust. In a short run precious metals look set to remain in a volatile mood, spending more time in its current range in a thin trade ahead of year-end.

Gold for February delivery at COMEX climbed to the highs of \$816.7 on Friday before closing the week with a healthy gain of \$17.7 at \$815.4 an ounce. February gold on MCX closed at Rs 10351 per 10 gm on Friday. March silver at Nymex added 50.5 cents during the week to close at \$14.488 an ounce, while March silver at MCX settled at Rs. 19066 per kg.

Crude oil recovered smartly as shrinking US crude supplies and slight weakness in dollar supported the prices. Geopolitical tensions in Middle East and easing concerns over credit crisis after recent action by Fed remain other supportive factors for crude oil prices. However, forecasts of warmer weather conditions in US in January added some weakness in

the market. Thin trading conditions in the markets ahead of holidays imparted volatility to the prices. Nymex WTI January crude traded as in the range of \$87.09-94.85 a barrel during the week before closing

at \$89.27 per barrel with a gain of \$2.2. MCX January delivery contract of crude oil settled at Rs 3598 per barrel on Friday.

Commodity: GOLD

Contract: MCX Feb Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is trading sideways in search of direction. The prices have closed above short term and medium term EMAS, which supports bulls. MACD has just entered in positive territory. RSI and Stochastic are moving upwards in normal region.

Recommendation: Buy on dips towards support levels

Support and resistance Levels:

Contract	S1	S2	R1	R 2
MCX Feb 08	10080	10175	10495	10608

Commodity: SILVER

Contract: MCX March Contract

Periodicity: Weekly



Technical Analysis

Silver is volatile action these days. The prices have closed above short term and medium term EMAS, which supports bulls. MACD has just entered in positive territory. RSI and Stochastic are moving upwards in normal region.

Recommendation: Buy on major dips

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX Mar'08	18777	18498	19531	19805

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