

MAJOR ACTIVITY HIGHLIGHTS

HIGHLIGHTS OF THE WEEK:

- Chinese demand for gold jewelry may increase by about 20 percent this year as rising personal incomes help the nation race ahead of the United States as the second-biggest market in the world, according to GFMS. Gold use in jewelry in China jumped 24 percent from a year earlier to 221 tonnes in the first nine months against 515 tonnes in India and 165 tonnes in the United States.
- Ongoing strength in investment demand will push average gold prices up some 11% on the year to \$780 a troy ounce, according to the ABARE. In 2008, global gold production is forecast to increase by 3% to 2,590 metric tons, largely from higher output in China, the U.S. and Australia, according to the bureau.
- The U.S. economy expanded at the fastest pace in four years during the third quarter, growing at a real annual rate of 4.9%. However, economists are expecting a sharp slowdown in the current quarter.
- The concerns over subprime issue eased a bit after the President Bush announced Thursday a housing plan that includes freezing rates on some mortgages for five years in an effort to ease problems facing many homeowners.
- China must acquire more bullion assets overseas because existing mines will run out of ore in six years, according to Zijin Mining Group Co. The country produces more than 200 tonnes of gold per year from mines that only have gold, and will deplete the deposits without discoveries.
- The U.S. dollar remained volatile as Bank of England cut interest rate and the European Central Bank expressed a hawkish tone and kept rates unchanged. Uncertainty surrounding the economic scene also imparted volatility to the dollar. However, the the currency market is currently focusing on the FOMC meeting to be held on December 11. The market is expecting 25 basis point cut in interest rate.
- Crude oil prices remained volatile during the week as tightening supplies, volatile dollar, easing geopolitical tensions and uncertain economic outlook kept the market uncertain about market outlook. Nymex WTI January crude traded as in the range of \$85.82-90.73 a barrel during the week before closing at \$88.28 per barrel with a loss of 43 cents
- With demand plummeting for IMF loans, the institution is planning to sell 400 tonnes of gold from its 3,217 tonnes of gold stock to invest in income-producing assets to put the institution on a sounder financial footing.
- India's gold imports declined for the second consecutive month from a year earlier as high gold prices dented jewelry demand during the traditional peak consumption season. Purchases in November fell to 12 metric tons from 59 tons a year earlier, according to the Bombay Bullion Association. Imports slumped to 14 tons in October from 68 tons a year earlier.

PRICES

Spot Rate of Silver (Delhi Spot: Rs/Kg)

Date	Delhi
03 Dec 2007	18315.00
04 Dec 2007	18562.50
05 Dec 2007	18816.20
06 Dec 2007	18661.50
07 Dec 2007	18989.15
08 Dec 2007	18760.50

Spot Rate of Gold (Mumbai Spot: Rs/10 Gm)

Date	Mumbai
03 Dec 2007	10050.00
04 Dec 2007	10146.65
05 Dec 2007	10290.00
06 Dec 2007	10112.50
07 Dec 2007	10217.50
08 Dec 2007	10171.65

Silver Futures (MCX- Rs/Kg), (COMEX Cents/Ounce)

Date	MCX -SILVER (Mar Contract)	COMEX -SILVER (Mar Contract)
03 Dec 2007	1421.00	
04 Dec 2007	1446.50	
05 Dec 2007	1446.00	
06 Dec 2007	1462.50	
07 Dec 2007	1450.50	
08 Dec 2007	*****	

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

Date	MCX -GOLD (Feb Contract)	COMEX-GOLD (Feb Contract)
03 Dec 2007	794.70	
04 Dec 2007	807.60	
05 Dec 2007	803.70	
06 Dec 2007	807.10	
07 Dec 2007	800.20	
08 Dec 2007	****	

GOLD DEMAND STATISTICS (LATEST)

Particulars	2006	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	% ch Q2'07 vs Q2'06	% ch H1'07 vs H1'06
Demand (in tonnes)									
Jewellery Consumption	2279.1	487.9	522.7	557.9	710.6	561.9	675.1	29	22
Industrial & Dental	452.00	110.9	113.8	113.6	113.7	113.6	116.5	2	2
Identifiable Investment	643.1	197.4	137.0	122.7	186.0	146.9	130.4	-5	-17
Net Retail Investment	382.9	84.5	88.1	103.5	106.8	110.5	132.9	51	41
ETF's & similar products	260.2	112.9	48.9	19.2	79.1	36.4	-2.6	***	-79
Total Identifiable Demand	3374.2	796.2	773.5	794.2	1010.3	822.4	922.0	19	11
Demand (in \$m)									
Jewellery Consumption	44242	8692	10549	11150	14010	11739	14474	37	36
Industrial & Dental	8774	1975	2296	2271	2242	2374	2498	9	14
Identifiable Investment	12483	3517	2765	2452	3667	3068	2795	1	-7
Net Retail Investment	7433	1505	1778	2068	2106	2308	2850	60	57
ETF's & similar products	5050	2011	986	384	1560	760	-55	***	-76
Total Identifiable Demand	65498	14183	15610	15874	19918	17181	19767	27	24

Source: WGC

FUNDAMENTAL ANALYSIS

Precious metals managed to recouped some of the recent losses despite witnessing a great deal of volatility towards the end of the week starting December 3. Churning action in crude oil and currency markets kept the precious metals volatile during the week. The prices jumped higher during the early part of the week as weakness in dollar increased the attractiveness of metal as alternative investment. Further, reports of strong Chinese demand for gold jewellery also supported the prices. Chinese demand for gold jewelry may increase by about 20 percent this year as rising personal incomes help the nation race ahead of the United States as the second-biggest market in the world, according to GFMS. Shakiness in currency markets ahead of FOMC meeting on December 11 however imparted volatility in the precious metals. The market kept iterating about the quantum of interest rate cut by Fed in its forthcoming meeting. Dollar weakness might get extended if the Fed cuts interest rate by 50 basis points. Dollar found some support on easing concerns over subprime issue after the President Bush announced a housing plan that includes freezing rates on some mortgages for five years in an effort to ease problems facing many homeowners. Crude oil market also remained uncertain about the

production hike by OPEC during the initial part of the week. Thereafter, tightening supplies and concerns of slowdown in energy demand kept energy market uncertain. Precious metal market is expected to see some more volatility in the forthcoming week ahead of Fed's decision on interest rate. The market is likely to react only if the Federal Reserve deviates from expected 25 basis points rate cut, as it has already been factored in the prices. Further, end of the year profit booking might continue to contain the gains in the precious metals prices. Gold for February delivery at COMEX climbed to the highs of \$813 on Wednesday before closing the week with a moderate gain of \$11.1 at \$800.20 an ounce. February gold on MCX closed at Rs 10186 per 10 gm on Friday. March silver at Nymex added 34 cents during the week to close at \$14.505 an ounce, while December silver at MCX settled at Rs. 19132.

Crude oil prices remained volatile during the week starting December 3 as tightening supplies, volatile dollar, easing geopolitical tensions and uncertain economic outlook kept the market uncertain about market outlook. The market remained indecisive initially ahead of OPEC meeting regarding production hike, but then it failed to react on OPEC's decision of

keeping production quota unchanged as sharp increase in product supplies in US pressured the prices. Nymex WTI January crude traded as in the range of \$85.82-90.73 a barrel during the week

before closing at \$88.28 per barrel with a loss of 43 cents. MCX January delivery contract of crude oil settled at Rs 3448 per barrel on Friday.

Commodity: GOLD

Contract: MCX Dec Contract

Term: Short-term (Weekly)



Technical Analysis

Gold is trading sideways in search of direction. The prices are finding stiff resistance at Rs 10333 levels and breach of the same might bring some firmness in the market. MACD is running down in positive region showing decrease in bullish momentum. RSI and Stochastic are moving upwards in normal region.

Recommendation: Buy above 10337

Support and resistance Levels:

Contract	S1	S2	R1	R 2
MCX Frb'08	10068	9974	10422	10509

Commodity: SILVER

Contract: MCX Dec Contract

Periodicity: Weekly



Technical Analysis

Silver is volatile action these days. The prices failed to close above short term and medium term EMAs, which supports bears. MACD has just entered in negative region, which is a bearish signal. However, RSI and stochastic are running upwards in normal region.

Recommendation: Buy on breach of resistance at 19375.

Support and resistance Levels

Contract	S-1	S- 2	R- 1	R - 2
MCX March'08	18535	18252	19722	19956

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