

BULLION WEEKLY

A Weekly Report on Gold & Silver

Gold: Weekly Review

Gold started off with moderate gains and closed even higher with prices rising to the highest in more than four-months. Despite stronger dollar, the bullion got a decisive push upwards, as both the dollar and gold drew safe haven interest amidst persisting debt issues in the Euro-zone. Sovereign debt worries mounted when S&P downgraded debt rating of Greece, Portugal and Spain. However, news that Greece received a bail-out of \$146 billion from EMU stopped gold to take further highs. Gold futures for June delivery on Comex closed 2.34 percent higher at \$1,180.70/oz, second straight weekly gains. Rising investment demand also pushed bullion prices higher. The SPDR Gold Trust reported its gold holdings rose 12.78 tonnes to 1159 MT during the week. Gold also took cues from rising crude oil prices which surged 1.21 percent to end higher at \$86.15/barrel.

CFTC reports for the week ended on Apr 27 suggest that non-commercial holders reduced their short positions by nearly 7 percent while added 5 percent fresh long positions. Total net long positions rose more than 7 percent to 225,658 contracts from 210,651 last week. Commercial holders (hedgers) added both long and short positions by 4.02 percent and 3.46 percent, respectively. Total long and short positions were seen rising by 3.47 percent and 1.78 percent, respectively.

CFTC Report - Gold			
Non-Commercial	4/27/2010	4/20/2010	% Change
Long	263472	251244	4.87%
Short	37804	40593	-6.87%
Spreading	62744	64759	-3.11%
Commercial			
Long	145584	139961	4.02%
Short	411106	397357	3.46%
Total			
Long	471800	455964	3.47%
Short	511654	502709	1.78%

Exchange	Commodity Future	Open	High	Low	Last	% Change in Price	Volume	% Change in Volumes	Open Interest (OI)	% Change in OI
COMEX (USD/troy ounce)	Gold (Apr 10)	1158.50	1182.50	1146.60	1180.70	2.34%	658532	2.91%	349003	6.41%
	Gold (Jun 10)	1159.40	1183.30	1148.30	1182.10	2.35%	17784	17.35%	41498	11.58%
MCX (Rs/10 grams)	Gold (Apr 10)	16820.00	17140.00	16726.00	17125.00	1.90%	197117	-12.41%	15359	3.71%
	Gold (Jun 10)	16890.00	17220.00	16820.00	17208.00	1.86%	5930	-9.16%	1185	-1.58%

MCX gold for June Delivery settled the week higher at Rs. 17,125/10 gm, a rise of 1.90 percent over the previous week. Indian rupee gained 0.16 percent to close at 44.3650/USD and trimmed gold's profits on MCX desk.

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Major Economic Events during the last week

- **US** – Manufacturing Indicators such as; **Dallas Fed and Richmond Fed Index**, improved in April over the previous month.
- **US** – The Federal bank reassured lower interest rate regime for an “extended period” in the world’s largest economy. The benchmark interest rate in the US stands at 0.25 percent.
- **Germany – Unemployment rate** declined to 7.80 percent in April as number of unemployed people fell by 68,000.
- **US – Initial jobless claims** declined to 448,000 from 456,000 earlier and 445,000 expected. **Continuing claims** also didn’t turn up as per expectations. Continuing claims rose to 4.645 million from 4.613 million expected. There was a little change from priors.
- **Euro Zone – Unemployment rate** remained unchanged at 10 percent.
- **US** – Reports showed that first-quarter **GDP** in the US expanded by 3.2 percent against 5.6 percent growth in the previous quarter.
- **US – Personal consumption** rose 3.6 percent in the first quarter of 2010 as improving labor market enables consumer to spend more.

Fundamental Outlook

Markets may find this week quite busy due to a host of data releases and other events: the rate decision in Australia and Europe, Employment figures in Canada and US, Britain’s general elections etc. Non-farm payrolls data, which is expected to have added nearly 200,000 jobs in April, will be closely watched. The dollar index may continue to strengthen as debt issues still remain un-resolved and it will provide further gains to the dollar against the Euro. The pound also faces threats of downgrading in its debt rating. The Pound will also be impacted by General elections in UK this week.

Gold, after giving handsome returns last week, is poised to rise further despite gains in the dollar index expected as both the dollar and gold will draw safe haven demand. Moreover, domestic demand will also pick up on Akshaya Tritiya less than a month away. Overall, we remain positive on bullion prices for this week.

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Technical Analysis - Gold

Gold prices traded higher by continuing previous week's trend gaining as much as 2.34% and after making a high of \$ 1182.5, it finally closed at \$ 1180.7. Upside market has surpassed crucial trend line resistance at \$ 1175.3, means sustain above the same may lead prices to test \$ 1185 then \$ 1193 levels. On weekly chart, prices are trading convincingly above 13 & 22 EMA (\$1132.6 & \$ 1116.1) implying bullish outlook for



coming trading sessions. The momentum indicator RSI (14) ascended from 0.47 to 0.63 suggesting prices to move up for short term. Market from the past 2 weeks has witnessed strong buying with good volumes suggesting bullish sentiments to prevail. Overall, above analysis implies that prices are expected to trade sideways to higher.

Exchange	S2	S1	R1	R2
June Gold - Comex	1162	1175	1185	1193
June Gold - MCX	16800	16961	17151	17385
COMEX Recommendation	Buy at 1176 TP 1190 then 1200 with stop loss below 1158			
Gold-June MCX	Buy in the range 17030-17060 targeting 17240 with stop loss below 16940			

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Silver

Silver rose for the second straight week and closed 2.28 percent up at \$18.64/oz on Comex. Though base metals and equities remained weak during the week, silver prices took cues from firm bullion prices. Base metals fell nearly 4 percent and the benchmark MSCI world index for stocks also closed 2.19 percent lower.

Price Performance

Exchange	Commodity Future	Open	High	Low	Last	% Change in Price	Volume	% Change in Volumes	Open Interest (OI)	% Change in OI
COMEX (USD/troy ounce)	Silver (Jul 10)	18.38	18.79	17.85	18.64	2.28%	138399	168.97%	82471	50.35%
	Silver (Sep 10)	18.40	18.81	17.88	18.67	2.30%	2882	-10.13%	9083	14.04%
MCX (Rs/1kg)	Silver (Jul 10)	27876.00	28348.00	27429.00	28297.00	1.75%	82149	479.70%	14089	285.16%
	Silver (Sep 10)	28070.00	28476.00	27618.00	28418.00	1.62%	1782	226.97%	578	165.14%

MCX silver futures for July delivery fluctuated in the range of Rs. 27,429 – Rs. 28,348/kg on before closing 1.75 percent up at Rs. 28,297/kg. Gains in Indian rupee limited silver prices to rise further.

CFTC reports suggest that non-commercial holders added 3.2 percent long positions while reduced their short positions by more than 2.5 percent. Hedgers cut their long positions by 8.72 percent to 29,762 contracts from 32,605 contracts a week earlier.

Total long and short positions fell by 2.96 percent and 2.23 percent, respectively.

CFTC Report - Silver			
Non-Commercial	4/27/2010	4/20/2010	% Change
Long	48462	46960	3.20%
Short	7895	8098	-2.51%
Spreading	19410	21052	-7.80%
Commercial			
Long	29762	32605	-8.72%
Short	86183	86922	-0.85%
Total			
Long	97634	100617	-2.96%
Short	113488	116072	-2.23%

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Technical Analysis - Silver

Silver prices traded sideways to higher by gaining nearly 2.30% and after making a high of \$ 18.77, it finally closed at \$ 18.61. On daily charts, market has witnessed an upward “**channel formation**” signifying a range bound movement for coming trading sessions. Prices are trading close to crucial resistance at \$18.90 level on breach and sustain above the same prices can test \$ 19.15 then \$ 19.38 levels. Prices are trading convincingly above 13 & 22 EMA (\$ 18.20 & \$ 18.03) signaling bullish outlook. The momentum indicator RSI (14) is trading in the range 0.50 to 0.66 suggesting suspension/ pause for coming trading sessions. Overall, prices are expected to trade sideways to higher.



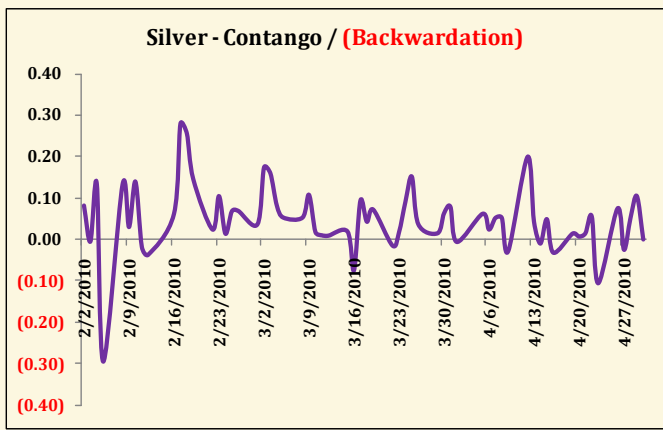
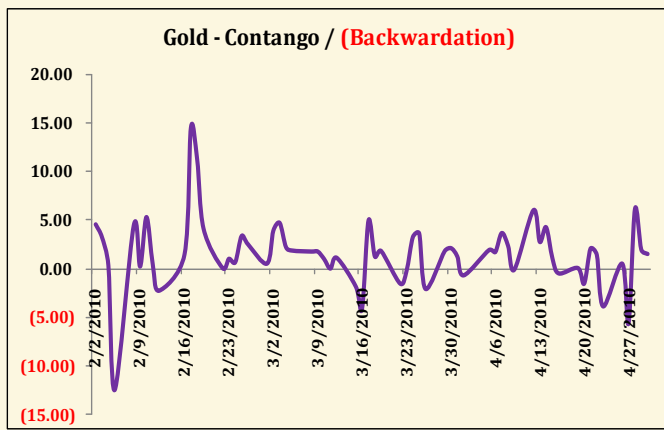
Exchange	S2	S1	R1	R2
May Silver - Comex (\$/oz)	18.04	18.44	18.90	19.44
May Silver - MCX (Rs. /kg.)	27623	27958	28702	29580
COMEX Recommendation	Sideways to higher			
Silver-May MCX	Sideways to higher			

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Basis Charts

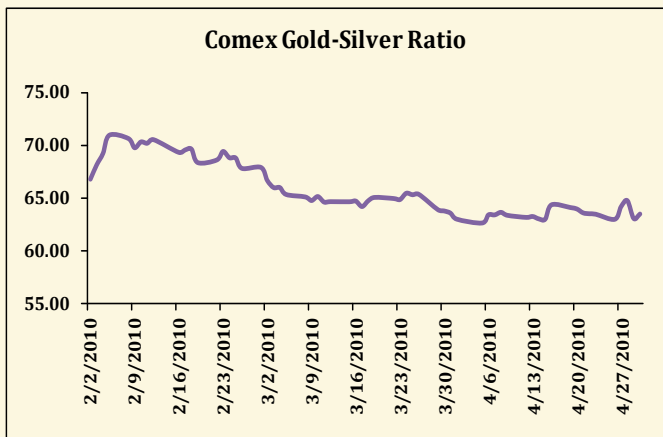
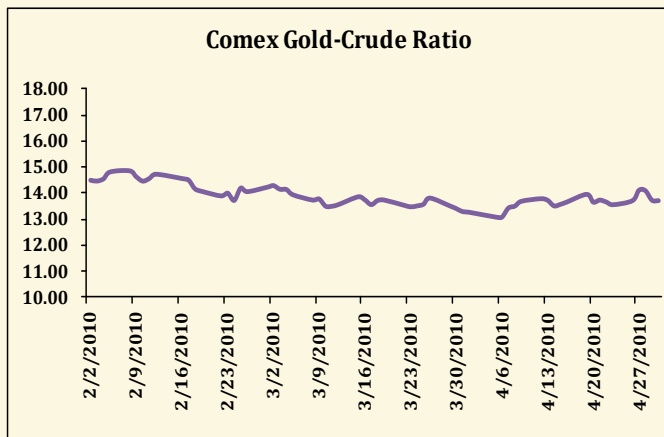
Backwardation is a market where spot prices exceed future prices while **Contango** is the opposite condition, where future prices exceed spot prices. We have considered Gold June future contract and Silver May future contract of COMEX. Contango seems to be an obvious condition in the market as future prices tend to be higher because of cost-of-carry involved.



Spot gold closed at \$1,179.20/oz while futures ended at \$1,180.70/oz. **Markets closed in Contango at 1.50.**

Spot silver closed at \$18.64/oz while futures ended at \$18.64/oz.

Ratio Charts



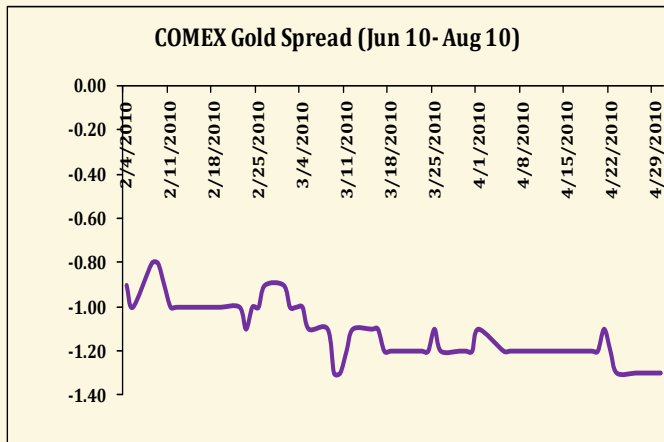
The Comex Gold-Crude ratio for the week increased to 13.71 from 13.55 from a week earlier. Crude oil rose 1.21% while gold rose 2.34%.

The Comex Gold-Silver ratio was little changed at 63.44, as both gold and silver rose almost at same rate.

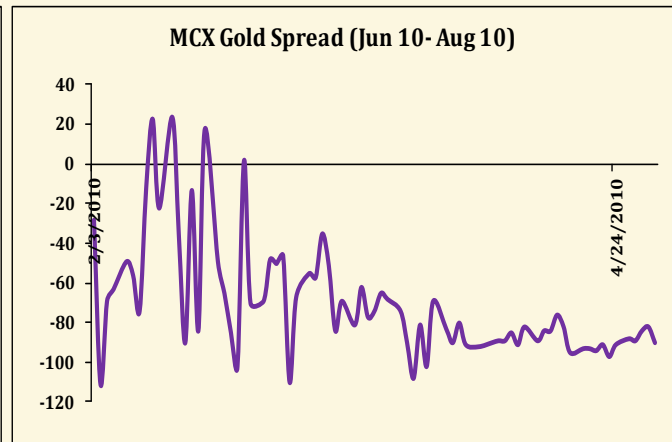
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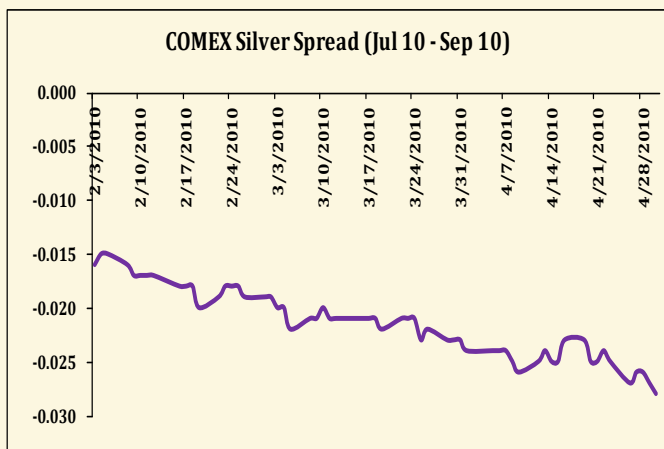
Calendar Spreads: Calendar Spread is the difference between the two futures contracts, far-month-contract and near-month-contract. For gold, we have considered Jun'10 and Aug'10 at both COMEX and MCX while for silver, Jul'10 and Sep'10 contracts at both COMEX and MCX have been taken into account for calculating calendar spreads.



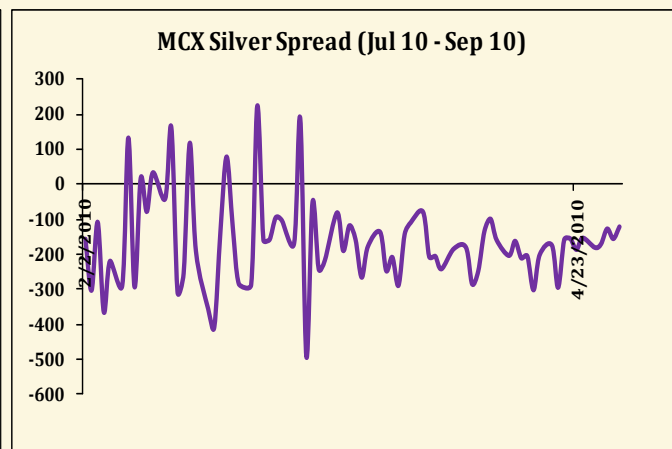
The spread between Gold Jun'10 and Aug'10 contracts closed at -1.40 during the week, meaning far month contract closed higher than near month contract.



The spread between MCX Gold Jun'10 and Aug'10 closed at -83.



The spread between Silver May'10 and Jul'10 continued to remain thin at -0.028.



The spread between Silver May'10 and Jul'10 contracts closed at -121 levels.

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Economic Events during this week

Date Time		Event		Survey	Actual	Prior	Revised
05/03/2010 13:25	GE	PMI Manufacturing	APR F	61.3	--	61.3	--
05/03/2010 13:30	EC	PMI Manufacturing	APR F	57.5	--	57.5	--
05/03/2010	IN	Exports YoY%	MAR	--	--	34.80%	--
05/03/2010	IN	Imports YoY%	MAR	--	--	66.40%	--
05/03/2010 18:00	US	Personal Income	MAR	0.30%	--	0.00%	--
05/03/2010 18:00	US	Personal Spending	MAR	0.60%	--	0.30%	--
05/03/2010 19:30	US	ISM Manufacturing	APR	60	--	59.6	--
05/03/2010 19:30	US	ISM Prices Paid	APR	75	--	75	--
05/03/2010 19:30	US	Construction Spending MoM	MAR	-0.30%	--	-1.30%	--
05/04/2010 02:30	US	Domestic Vehicle Sales	APR	8.80M	--	9.05M	--
05/04/2010 02:30	US	Total Vehicle Sales	APR	11.40M	--	11.77M	--
05/04/2010 11:30	GE	Retail Sales (MoM)	MAR	0.00%	--	-0.40%	1.10%
05/04/2010 11:30	GE	Retail Sales (YoY)	MAR	-0.50%	--	-0.90%	--
05/04/2010 14:30	EC	Euro-Zone PPI (MoM)	MAR	0.70%	--	0.10%	--
05/04/2010 14:30	EC	Euro-Zone PPI (YoY)	MAR	0.90%	--	-0.50%	--
05/04/2010 19:30	US	Factory Orders	MAR	-0.10%	--	0.60%	--
05/04/2010 19:30	US	Pending Home Sales MoM	MAR	4.00%	--	8.20%	--
05/04/2010 19:30	US	Pending Home Sales YoY	MAR	--	--	17.30%	--
05/05/2010 02:30	US	ABC Consumer Confidence	2-May	--	--	-49	--
05/05/2010 13:25	GE	PMI Services	APR F	55	--	55	--
05/05/2010 13:30	EC	PMI Services	APR F	55.5	--	55.5	--
05/05/2010 13:30	EC	PMI Composite	APR F	57.3	--	57.3	--
05/05/2010 14:30	EC	Euro-Zone Retail Sales (YoY)	MAR	-0.50%	--	-1.10%	-1.10%
05/05/2010 14:30	EC	Euro-Zone Retail Sales (MoM)	MAR	0.10%	--	-0.60%	-0.60%
05/05/2010 16:30	US	MBA Mortgage Applications	30-Apr	--	--	-2.90%	--
05/05/2010 17:45	US	ADP Employment Change	APR	28K	--	-23K	--
05/05/2010 19:30	US	ISM Non-Manf. Composite	APR	56	--	55.4	--
05/06/2010 15:30	GE	Factory Orders MoM (sa)	MAR	1.40%	--	0.00%	--
05/06/2010 15:30	GE	Factory Orders YoY (nsa)	MAR	21.00%	--	24.50%	--
05/06/2010 17:15	EC	ECB Announces Interest Rates	6-May	1.00%	--	1.00%	--
05/06/2010 18:00	US	Nonfarm Productivity	1Q P	2.50%	--	6.90%	--
05/06/2010 18:00	US	Unit Labor Costs	1Q P	-0.50%	--	-5.90%	--
05/06/2010 18:00	US	Initial Jobless Claims	1-May	440K	--	448K	--
05/06/2010 18:00	US	Continuing Claims	24-Apr	4600K	--	4645K	--
05/06/2010 20:00	US	ICSC Chain Store Sales YoY	APR	--	--	9.00%	--
05/07/2010 15:30	GE	Industrial Production MoM (sa)	MAR	1.50%	--	0.00%	--
05/07/2010 15:30	GE	Industrial Prod. YoY (nsa wda)	MAR	6.40%	--	5.80%	--
05/07/2010 18:00	US	Unemployment Rate	APR	9.70%	--	9.70%	--
05/07/2010 18:00	US	Change in Nonfarm Payrolls	APR	200K	--	162K	--
05/07/2010 18:00	US	Change in Private Payrolls	APR	80K	--	123K	--
05/07/2010 18:00	US	Change in Manufact. Payrolls	APR	15K	--	17K	--
05/07/2010 18:00	US	Avg Hourly Earning MOM All Emp	APR	0.10%	--	-0.10%	--
05/07/2010 18:00	US	Avg Hourly Earning YOY All Emp	APR	1.80%	--	1.80%	--
05/07/2010 18:00	US	Avg Weekly Hours All Employees	APR	34.1	--	34	--
05/08/2010 00:30	US	Consumer Credit	MAR	-\$3.4B	--	-\$11.5B	--

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