

BULLION WEEKLY

A Weekly Report on Gold & Silver

The Week Ahead

- *Precious Metals to continue their rally- silver to surpass gold*
- *European debt crisis will be remaining at the forefront to impact upon dollar's movement*
- *Libyan unrest might be taking back seat but still cannot be ignored- more the situation deteriorates, more the metals gain*

Technical Calls

Commodity	S3	S2	S1	R1	R2	R3	Recommendation
COMEX April Gold	1387	1404	1416	1445	1462	1474	Sell at 1438-35 TP 1418 SL above1450
MCX June Gold	20652	20828	20962	21272	21448	21582	Sell 21070-21120 TP 20660 SL 21280
COMEX May Silver	3272	3404	3554	3837	3969	4119	Buy at 3680 TP 3830/3920 SL 3520
MCX May Silver	50318	51782	53628	56938	58402	60248	Buy at 55200 TP 56600/56900 SL 54200

Outlook

The week gone by Gold and Silver prices traded north bound as expected but silver has outperformed gold. The week ahead we are expecting gold to be overshadowed by silver once again. The US economic outlook in terms of the data yet to release is fair enough while the Europe is still under the threat of debt crisis. The anticipation in Portugal's bailout may keep the euro under pressure and thereby boosting up dollar's strength. So gold in such scenario may remain under some pressure. The better than expected GDP data for the US has certainly glimpsed upon their economic outlook although the housing sector slump is downsizing the speed of recovery.

The Correlation analysis shows that silver and gold are more closely related this year till date than what it was 3 or 5 years ago. Also, the crude-silver correlation is stronger than the crude-gold relation. Hence the crude price surge has induced silver to outperform gold.

While analyzing the P-V-O, the MCX June contract is losing price while both volume and open interest are increasing, itself indicating a bearish trend. But the COMEX April contract has added some percentage in all the three components from the prior week, indicating a bullish trend. On the other hand silver trend is up as the price rise is supported by an increase in open interest but volume came down.

Gold/Silver Ratio

The ratio has touched its year till date lowest of 38.39, quite obvious due to silver's outperformance over gold. The week ahead we expect this ratio to slide further as the strong economic outlook may hamper gold's demand but silver may gain on the back of equities strength and a likely base metal support.

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Technical Analysis – Gold

Comex Gold April future remains in a wavering mode as we expected in our last weekly report. It made a high of \$1448 and settled at \$ 1429.9

While looking at **candle sticks pattern** of last few days, we conclude that there is a lot of indecision in gold price trend at higher levels. As per **Fibonacci projections principle**, prices projected till \$1445 (that is 50% of the range 1307.45-1445.05-1380.70) and fails to close above. The level \$1445 is also a **previous swing high** and therefore it is the important level to watch. Also, it is a **trend line resistance** of the line drawn by joining previous 2 tops (\$1424.50-1431.3). The technical indicator **RSI (14)** is at 0.58 and is not moving in line with prices and there fore is in negative divergence indicating correction in the gold prices. Another technical indicator **MACD (12,26)** is at 9 and is on the verge of forming a hook. A **Hook** occurs when the Signal line penetrates, or attempts to penetrate, the MACD line and then reverses at the last moment. However, the **moving average principle** reveals that the prices may not correct heavily as prices fails to close below \$1425 that is 8- Daily EMA. This is indicating that the gold prices may correct but moving average constraints might be there.



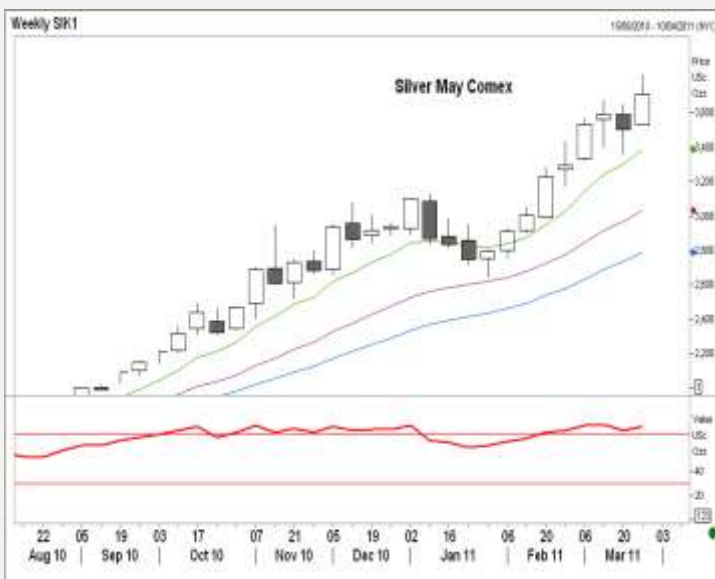
For the coming week we expect indecision in the trend and suggest low risk traders to stay way from the market while high risk traders can go short with strict stop loss.

Technical Analysis – Silver

Last week Comex Silver prices again soar after a smart correction. It made a high of and settled at \$ 3704.9 almost near to the high \$ 3818.

A white opening Morubozu candle sticks is patterned suggesting strength in the trend. It seems like silver prices given breakout upside after 2 weeks of consolidation. The RSI (14) is at 0.78 and is signalling overbought mode and correction is due in coming days but not necessarily next week. The important resistance level to watch for the coming week 38.020 that is 50% projection of the range 26.36-36.74-33.45 and also last weeks high.

For the coming week we expect bullish mode to be continued in silver prices and recommend buying.



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Market Round-up: The week gone by Gold and Silver prices remained well supported, underpinned by the Euro zone debt crisis and other focus on geo political concerns

Economic Events:

- ❖ Libyan unrest again came in to the front page regarding the NO-fly zone issue
- ❖ The Dollar Index through out the week gained 0.59 percent over the majors, however actually it has revived from early week losses
- ❖ Global equities performed green, namely Indian SENSEX advanced 5.24%, Japan's NIKKEI moved up by 3.58% while China's Hang-Sang has added by 3.85%. Europe FTSE has added 3.19% while the DJIA increased by 3.05%

Precious Metal Show:

- ❖ SPDR gold holdings has eroded some amount to its current holdings of 1213.95 tons from last week's 1226.39 Tons
- ❖ The I-share silver holdings have added some amount to its current holdings of 11139.52 tons from last week's 10945.21 tons
- ❖ Concern that Portugal may need a bailout helped gold to tick an all time high of \$1448.60 on 24th March along with silver making new decade high of \$38.18
- ❖ In COMEX Gold June contract experienced a price increase, largely supported by huge participation and carrying over the investors' stances. However in the MCX the April contract has lost merely with large participation and increase in open interest
- ❖ The COMEX and MCX Silver May contract gained 5.68% and 4.13% respectively on the back of equities strength and a support from the manufacturing data from Germany and the Euro zone

Price Performance - Gold

Exchange	Commodity Future	Open	High	Low	Last	% Change in Price	Volume	% Change in Volumes	Open Interest (OI)	% Change in OI
COMEX (\$/oz)	Gold (April 11)	1424.20	1448.60	1419.50	1426.20	0.71%	752909	0.10%	163281	-27.43%
	Gold (June 11)	1423.60	1450.00	1421.00	1427.60	0.71%	209425	176.52%	207051	43.91%
MCX (₹/10gm)	Gold (April 11)	20879.00	21048.00	20715.00	20788.00	-0.29%	130481	-23.45%	9311	-16.15%
	Gold (June 11)	21230.00	21315.00	21005.00	21072.00	-0.24%	12528	35.92%	4418	35.90%

Price Performance - Silver

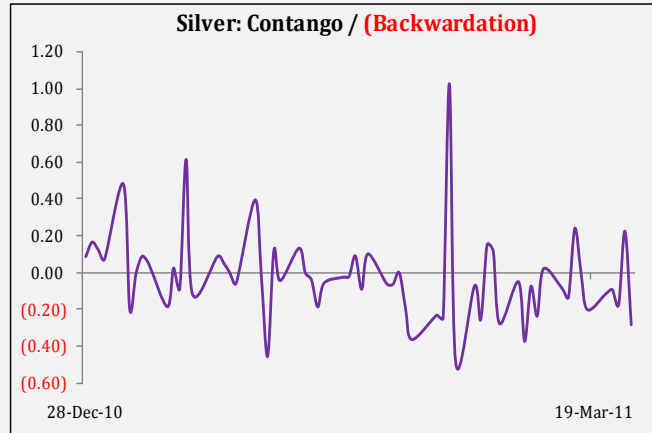
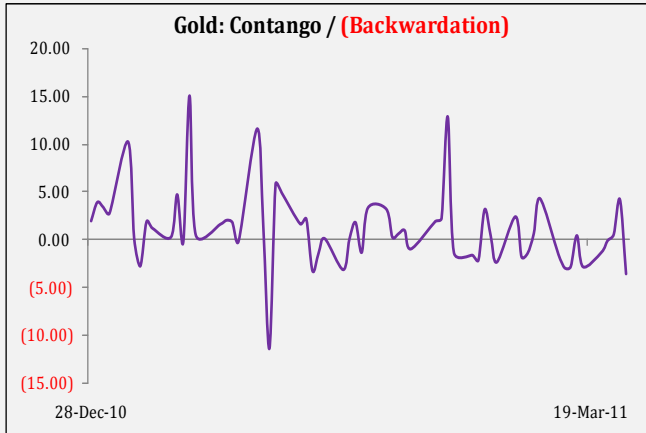
Exchange	Commodity Future	Open	High	Low	Last	% Change in Price	Volume	% Change in Volumes	Open Interest (OI)	% Change in OI
COMEX (\$/oz)	Silver (May 11)	35.36	38.18	35.36	37.05	5.68%	333515	-6.51%	78490	3.77%
	Silver (July 11)	35.44	38.17	35.44	37.07	5.69%	15642	13.45%	16064	7.79%
MCX (₹/kg)	Silver (May 11)	53245.00	56555.00	53245.00	55302.00	4.13%	428036	-17.16%	15011	2.23%
	Silver (July 11)	53930.00	57200.00	53930.00	55973.00	4.29%	16757	-14.24%	2600	8.33%

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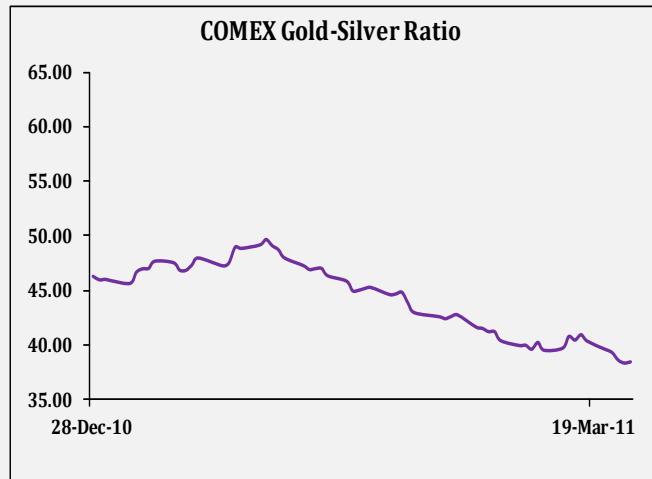
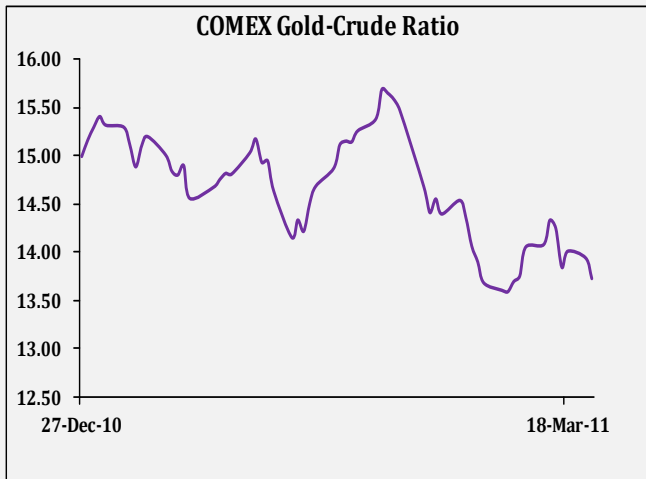
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Chart Updates - Contango & Backwardation

Backwardation is a market where spot prices exceed future prices while **Contango** indicates future prices exceeding spot prices.



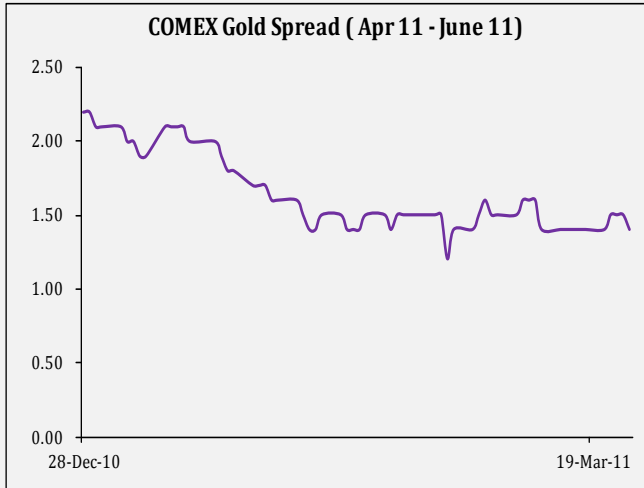
Ratio Charts



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Calendar Spreads



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DATA RELEASES SCHEDULED FOR THE WEEK AHEAD

Date	Time	Region	Event	Period	Survey	Prior
03/28/2011	18:00	US	Personal Spending	FEB	0.50%	0.20%
03/28/2011	18:00	US	Personal Income	FEB	0.40%	1.00%
03/28/2011	19:30	US	Pending Home Sales M/M	FEB	0.00%	-2.80%
03/28/2011	20:00	US	Dallas Fed Manf. Activity	MAR	17.6	17.5
03/28/2011	04/01	GE	Retail Sales (M/M)	FEB	0.40%	1.40%
03/29/2011	19:30	US	Consumer Confidence	MAR	65	70.4
03/29/2011		GE	Consumer Price Index (M/M)	MAR P	0.40%	0.50%
03/30/2011	05:20	JN	Industrial Production (M/M)	FEB P	-0.10%	1.30%
03/30/2011	05:20	JN	Industrial Production YOY%	FEB P	4.00%	3.50%
03/30/2011	14:30	EC	Business Climate Indicator	MAR	1.42	1.45
03/30/2011	14:30	EC	Euro-Zone Consumer Confidence	MAR F	-10.6	-10.6
03/30/2011	14:30	EC	Euro-Zone Economic Confidence	MAR	107.5	107.8
03/30/2011	14:30	EC	Euro-Zone Indust. Confidence	MAR	6	6.5
03/30/2011	14:30	EC	Euro-zone Services Confidence	MAR	11.5	11.1
03/30/2011	17:45	US	ADP Employment Change	MAR	208K	217K
03/31/2011	13:25	GE	Unemployment Change (000's)	MAR	-25K	-52K
03/31/2011	13:25	GE	Unemployment Rate (s/a)	MAR	7.20%	7.30%
03/31/2011	18:00	US	Initial Jobless Claims	26-Mar	380K	382K
03/31/2011	18:00	US	Continuing Claims	19-Mar	3705K	3721K
03/31/2011	19:15	US	Chicago Purchasing Manager	MAR	69	71.2
03/31/2011	19:30	US	Factory Orders	FEB	0.30%	3.10%
04/01/2011	06:30	CH	PMI Manufacturing	MAR	54.3	52.2
04/01/2011	08:00	CH	HSBC Manufacturing PMI	MAR	52.4	51.7
04/01/2011	10:30	JN	Vehicle Sales (Y/Y)	MAR	--	-14.00%
04/01/2011	11:00	IN	Exports Y/Y%	FEB	--	32.40%
04/01/2011	11:00	IN	Imports Y/Y%	FEB	--	13.10%
4/1/2011	13:25	GE	PMI Manufacturing	MAR F	60.9	60.9
04/01/2011	13:30	EC	PMI Manufacturing	MAR F	57.7	57.7
04/01/2011	14:30	EC	Euro-Zone Unemployment Rate	FEB	9.90%	9.90%
04/01/2011	18:00	US	Change in Nonfarm Payrolls	MAR	195K	192K
04/01/2011	18:00	US	Change in Private Payrolls	MAR	222K	222K
04/01/2011	18:00	US	Change in Manufact. Payrolls	MAR	33K	33K
04/01/2011	18:00	US	Unemployment Rate	MAR	8.90%	8.90%
04/01/2011	19:30	US	Construction Spending M/M	FEB	0.00%	-0.70%
04/01/2011	19:30	US	ISM Manufacturing	MAR	61	61.4
04/01/2011	19:30	US	ISM Prices Paid	MAR	82	82
04/02/2011	02:30	US	Domestic Vehicle Sales	MAR	10.13M	10.22M
04/02/2011	02:30	US	Total Vehicle Sales	MAR	13.20M	13.38M

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