

Guest Market Commentary

Crude Oil

From the beginning of the week crude oil has been under pressure, it witnessed a sharp fall in last week and touched a fourteen week low of \$114.62 a barrel. Light, sweet crude oil for September delivery in New York Mercantile Exchange traded in the range \$126.35 - \$114.62, before settling with loss of \$9.9 a barrel at \$115.20 in last week.

Light, sweet crude oil for September delivery in Dubai Gold and Commodities exchange traded in the range \$126 - \$114.95, before settling at \$115.20 a barrel in last week.

On Wednesday U.S. government data showed that domestic crude stocks raised for the first time in three weeks, by 1.7 million barrels to 296.9 million barrels, more than five times the forecast in a Reuters poll for a 300,000-barrel rise.

In market influencing news, the President of OPEC Chakib Khelil called oil prices are abnormal and said prices could pull back to \$80 a barrel over the long term if the dollar were to continue to recover and global political worries eased.

Oil price had retreated from record high levels in the previous two weeks, weighed down by concerns that slowing economic growth might dampen oil demand.

Easing of storm threat also added to the pressure. Tropical Storm Dolly did not have a major impact on oil and natural gas operations in the Gulf of Mexico. Early this month, OPEC had downwardly revised the world oil-demand growth for 2008 and 2009.

OPEC in its latest monthly report had lowered its forecast for world oil-demand growth for 2008 to 1.03 million barrels a day, which represents a decline of 70,000 barrels from its previous estimate. Global oil demand this year is expected to average 86.81 million barrels a day.

Oil price had touched an all-time high of \$147.27 a barrel on 11th July but has corrected from there in the succeeding weeks.

Weekly out look (WTI- CLU8):

Crude oil price remain weak below \$122 a barrel .But expecting a recovery till \$120 to \$122 levels, if sustain above that levels ,can expect more uptrend .Next levels are \$128.8,132.4,135.40. Supports are \$115.00, \$110.00, \$105.00, \$99.30.

Gold

Gold prices touched fourteen week low of \$850.50 and settled at \$ 855.35 after recorded weekly high of \$ 915.20. The movement of US dollar and the oil prices were the main driving factor affected the gold's movements. Initially prices were weighed down by the gains in the US dollar coupled with crude oil dropping to fourteen week lows of \$114.62 per barrel. From last Monday onwards gold price has been under pressure on continuation of the weakness in the previous week.

On Tuesday Federal Reserve held U.S. interest rates steady at 2 percent, expressing concerns about both economic growth and inflation and indicating it is in norush to push borrowing costs higher. At the same time on Thursday, Bank of England and European Central Bank kept rates on hold as expected also supported the dollar movements.

Other major influencing news is the gain in pending home sales, which offset a weak U.S. jobless claims report. According to the report, The National Association of Realtors said its Pending Home Sales Index, which is based on contracts signed in June, was up 5.3 percent to 89.0 from a downwardly revised 84.5 in May. It was the highest reading for the index since October, when it was at 89.8.

But data from job sector showed the number of U.S. workers filing new claims for jobless benefits rose 7,000 last week to the highest level in more than 6 years.

According to the data from labor department, Initial claims for state unemployment insurance benefits increased to a seasonally adjusted 455,000 in the week ended August 2 from 448,000 the week before marking the highest reading since March 2002.

Gold for October delivery in Dubai Gold and Commodities exchange traded in the range \$953.60 - \$919.40 before settling at \$958.90 an ounce.

Weekly Outlook (Spot Gold)

Gold price remain weak below \$873876- levels. But expecting some recovery till \$870 to \$876 levels. If it sustain above this level, can expect more uptrend .Next levels are \$885, \$894 and \$902. Supports are \$845, \$832, \$822

Euro vs Dollar

Dollar continued its recovery against the euro last week. In spot, dollar closed at 1.5004(1.5565) against the euro, after trading in the range of 1.5631 – 1.4996 in last week.

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On Friday, The U.S. Labour Department said that worker productivity was up an annual rate of 2.2% in the second quarter, a little less than expected and The U.S. Census Bureau said that wholesale sales were up 2.8% in June while inventories were up 1.1%. It was the biggest jump in sales in over four years.

Weekly Outlook (DEUR):

Dollar remain strong below 1.534080- levels .but expecting a pull back till 1.534080- levels if it sustain above this levels ,can expect more weakness .Next levels are 1.5485,156.32. Resistances seen at 1.4952, 1.4659.

Pound vs Dollar

Sterling continued its weakness against the dollar last week and touched the 21 months low of 1.9141 as the broad recovery in counterpart and weakness in UK economy. As expected, Bank of England kept interest rates on hold last week also affected the pound adversely. In spot, sterling closed at 1.9218(1.9743) against the euro, after trading in the range 1.9141 – 1.976 last week.

At the same time, according to the Halifax; Britains biggest mortgage lender, British property market is showing more signs of weakness, with house prices falling in July to their lowest in two years, The Halifax index showed house prices

falling 1.7 percent in July, higher than forecast, bringing the yearly fall to 8.8 percent.

Among the influencing news, U.K. factory production unexpectedly shrank for a fourth month in June also affected the sterling movements. The fear about the health of the financial sector added pressure.

Recovery in counterpart is another factor affected the sterling. Data's released in the last week in US supported the dollar. The major influencing news is the gain in pending home sales, which offset a weak U.S. jobless claims report. According to the report, The National Association of Realtors said its Pending Home Sales Index, which is based on contracts signed in June, was up 5.3 percent to 89.0 from a downwardly revised 84.5 in May, It was the highest reading for the index since October, when it was at 89.8.

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Weekly Outlook (DGBP):

Sterling Remain week below 1.942055- levels. But expecting recovery till 1.942055- levels .if it trade and sustain above the levels, next levels are 1.9530, 198.12, 2.0154.Supports are 1.9125, 1.8832 and 1.8615.

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Xchange Snapshot

Market	Previous Week close	Current Week close	% Change
DGCX Oct'08 Gold futures - (\$/ounce)	914.20	858.40	-6.10%
DGCX Sep'08 Silver futures - (\$/ounce)	17.505	15.350	-12.31%
DGCX Sep'08 Euro Futures - (\$/Euro)	1.5510	1.4983	-3.40%
DGCX Sep'08 GBP Futures - (\$/GBP)	1.9676	1.9135	-2.75%
DGCX Aug'08 INR Futures - (\$/100 INR)	2.3582	2.3775	0.82%
DGCX Sep'08 JPY Futures - (\$/100 Yen)	0.9310	0.9090	-2.36%
DGCX Aug'08 Steel Futures - (\$/mt)	1402.70	1415.00	-0.88%
DGCX Aug'08 DBRC Futures - (\$/b)	124.18	113.33	-8.74%
DGCX Aug'08 DWTI Futures - (\$/b)	125.10	115.20	-7.91%

Daily Total Volume

