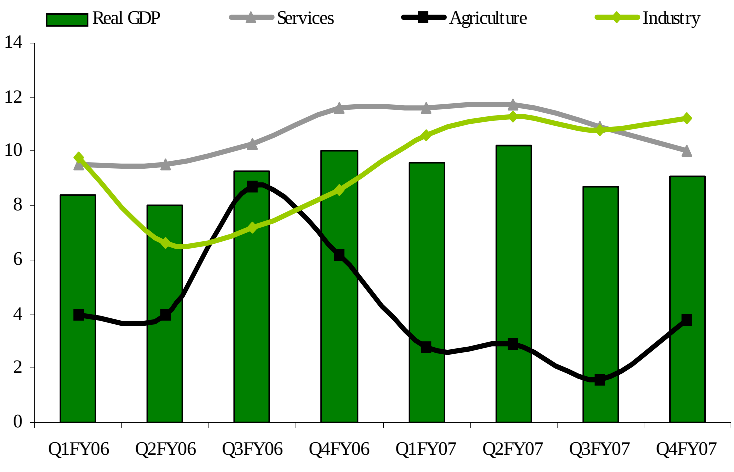
INDIA / ECONOMICS
THE OUNCE (F01M06Y07)

Real Sector Indicators

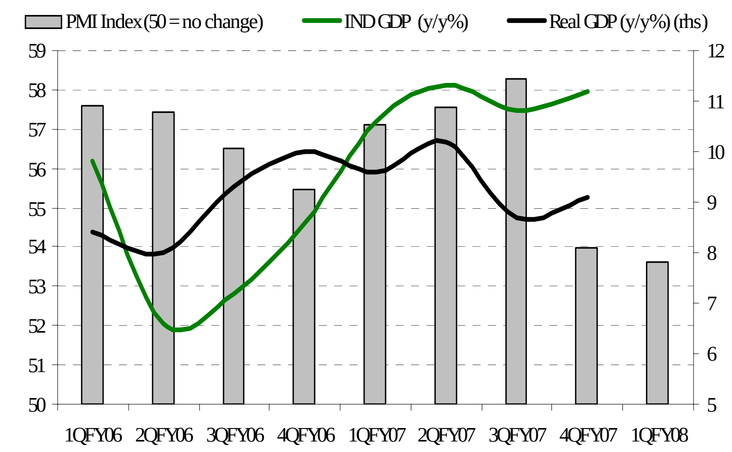
Quarterly GDP Growth



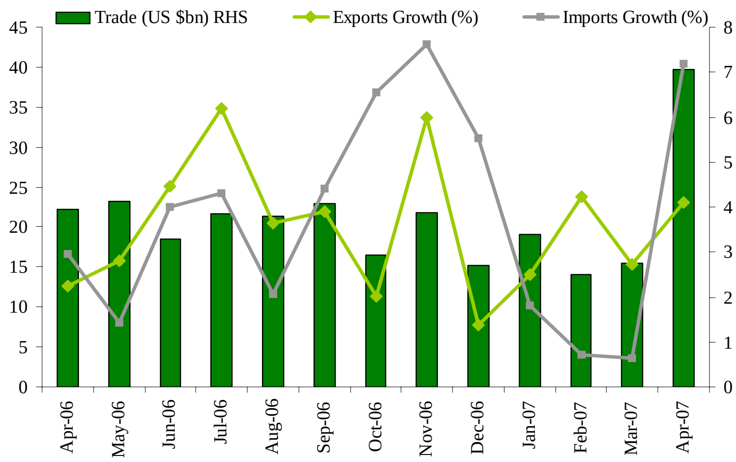
Sector-wise Real GDP growth

yoy % change	Q4 FY07	Q4 FY06	Revised CSO FY07	ABN FY08 Forecast
Agriculture	**3.8**	**6.2**	**2.7**	**2.5**
Industry	**11.2**	**8.6**	**11**	**8.6**
Mining & Quarrying	7.1	5.2	5.1	
Manufacturing	12.4	9.4	12.3	
Electricity, Gas & Water Supply	6.9	6.1	7.4	
Services	**10**	**11.6**	**11**	**9.3**
Construction	11.2	16.1	10.7	
Trade, Hotel, Transport & Comm.	12.4	11.8	13.0	
Financing, ins.Real est. & Bus services	9.3	14.2	10.6	
Community, Social & Personal services	5.7	7.2	7.8	
GDP	**9.1**	**10**	**9.4**	**7.9**

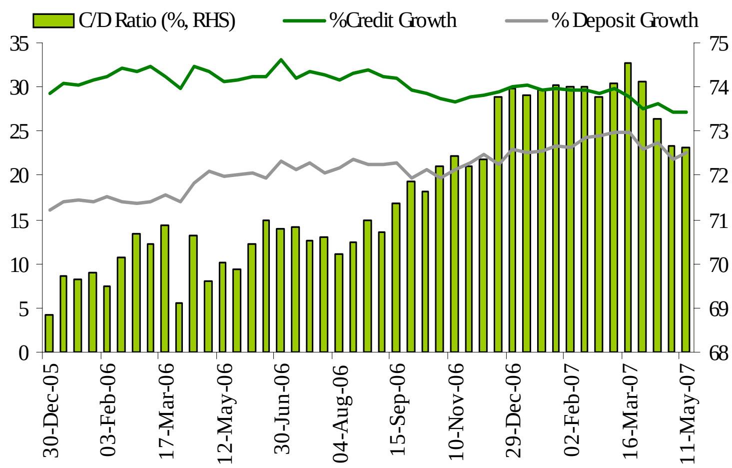
ABN AMRO India PMI Index with Industrial & Real GDP growth



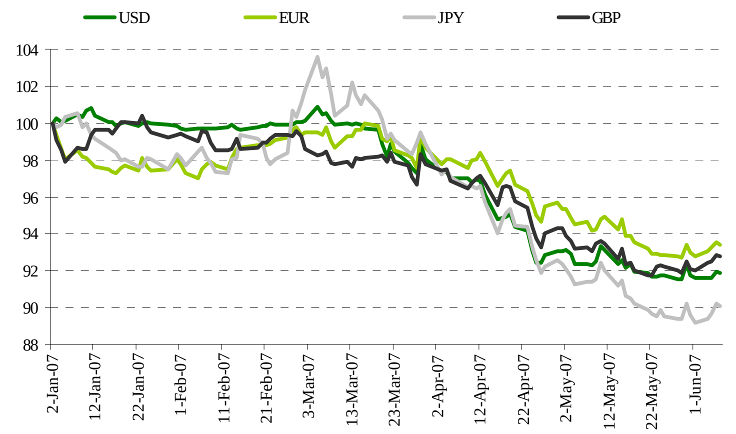
Merchandise Trade



Bank Credit & Deposit growth, C/D Ratio



Rupee versus Major Currencies in 2007



Decline in index = Appreciation of INR ; Rise in index = Depreciation of INR

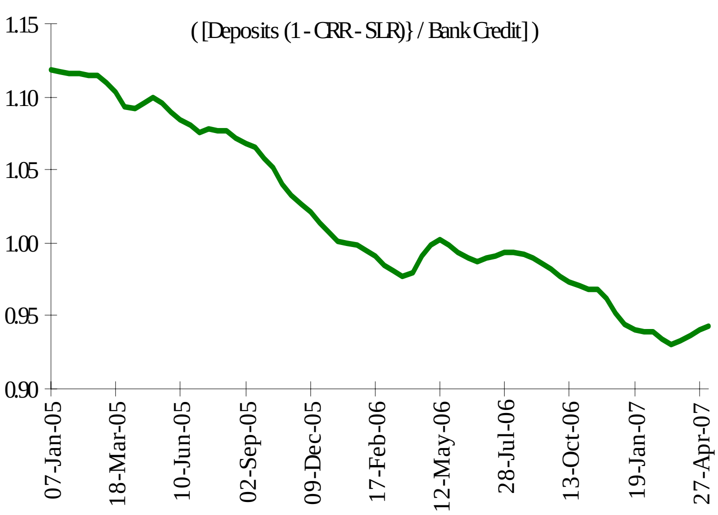
Buoyed by stellar performances of the manufacturing and certain services sectors, the Indian economy grew to 9.4% in FY07, exceeding the earlier projection of 9.2%. This was the fastest growth rate in 18 years, second strongest on record after the 10.5% GDP expansion in FY89. In FY08, we expect the growth to slip to about 7.8 - 8%. Besides, the high base numbers pulling down growth in the current fiscal year, there are cyclical risks to the growth story. For one, aggressive monetary policy tightening followed by the RBI in 4QFY07 and a general tightening bias at least in the first half of FY08, would dampen leveraged consumer spending. That would negatively impact activity in sectors like construction and consumer durables. Stronger rupee would have some negative impact on the external demand too. Exports, whose growth has already been stagnant since December, are likely to remain sluggish for the first half of the fiscal year at least. And, assuming normal monsoons, agriculture sector growth is likely to be a little lower than trend of 3%, given the high base growth of FY07. In support of the current growth momentum, investment cycle is unlikely to be hampered significantly by the rise in interest rates.

Deployment of Non-Food Credit

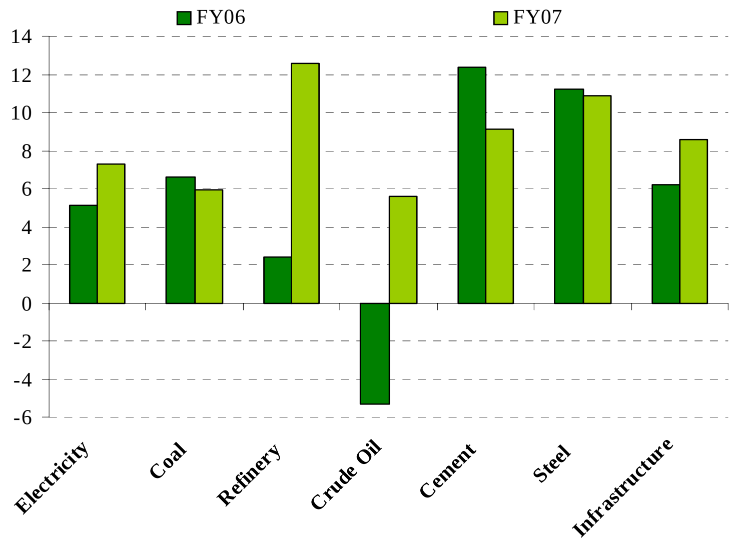
(Rs bn)	23-Jun-06	yoy % growth	27-Oct-06	yoy % growth	22-Dec-06	yoy % growth
Agriculture	426.19	37	439.19	31	469.91	31
Industry	941.33	27	1184.81	25	1359.29	28
Personal Loans	**1040.58**	**47**	**1016.31**	**34**	**1106.13**	**35**
Others	655.99	89	878.73	33	912.52	32
Transport	91.49	194	96.73	88	105.98	88
Professional & Others	117.41	218	59.78	49	60.51	45
Trade	291.04	70	255.93	39	231.39	34
Real Estate Loans	119.57	102	172.60	84	158.59	67
NBFCs	77.87	45	74.53	29	74.56	24
Non-food Gross Bank Credit	**3661.74**	**45**	**3519.04**	**30**	**3847.85**	**31**

Source: RBI

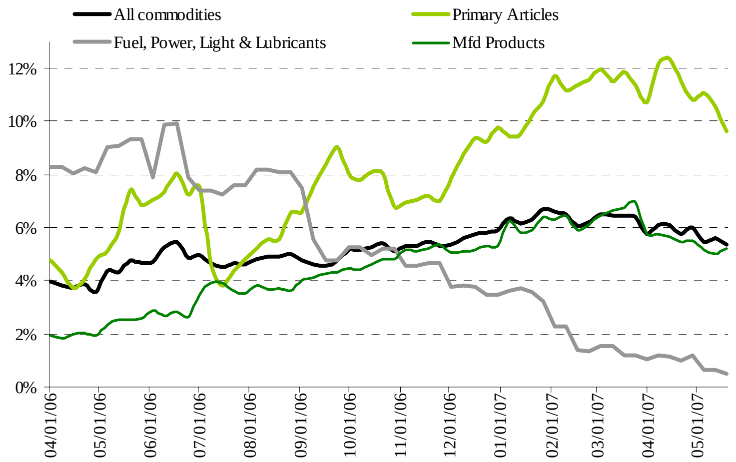
Free funds Indicator



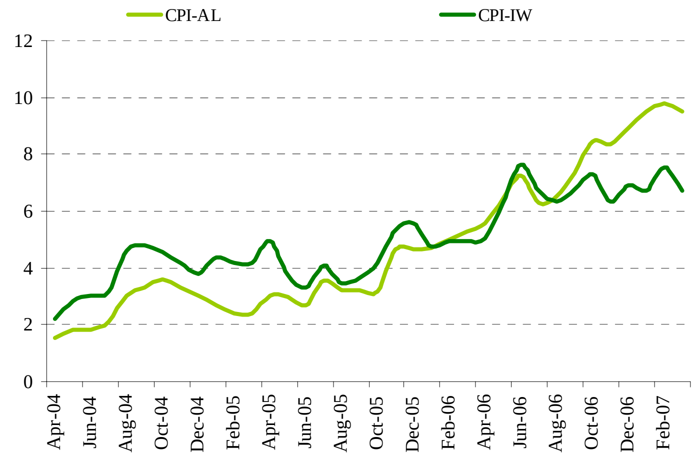
Core Sector – India's key industries infrastructure growth (%)



WPI Inflation (%)



Consumer Price Inflation (%)



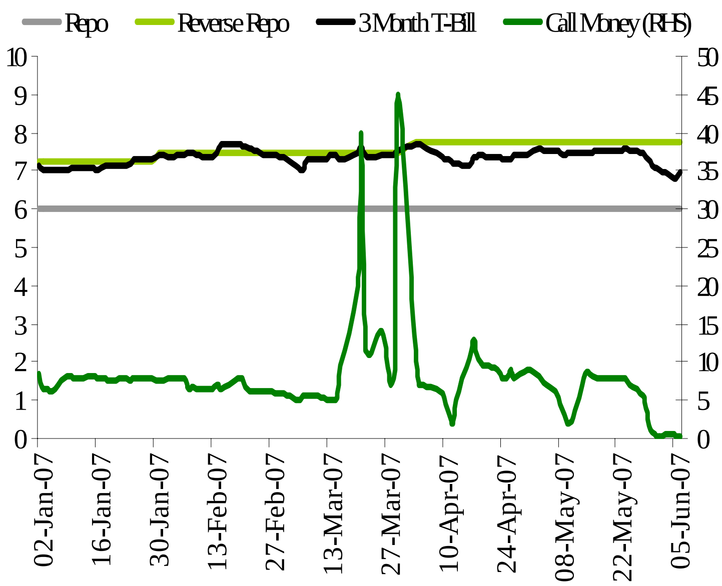
Inflationary pressures in the economy seem to be easing, both from demand as well as the supply side. Growth in bank credit, particularly to the household sector has been declining, in line with tighter monetary conditions and higher interest rates. This would get reflected in a reduction in leveraged consumer spending. In general, monetary conditions have tightened and the availability of free funds in the economy has declined, which is not supportive of the demand conditions. On the supply side, the infrastructure bottlenecks eased last year with output in the all the key infrastructure sectors growing faster compared to FY06. Constraints still persist in food grains and other agricultural products. In line with the easing inflationary pressures, headline inflation rate (based on the WPI) has eased from over 6% in March to below 4.85% now. Consumer price inflation, however, still hovers above 6%. This to large extent reflects the price pressures in food items and other essential commodities, which have more than 50% weight in the CPI basket.

INDIA / ECONOMICS
WEEKLY OUNCE (F01M06Y07)

ABN·AMRO

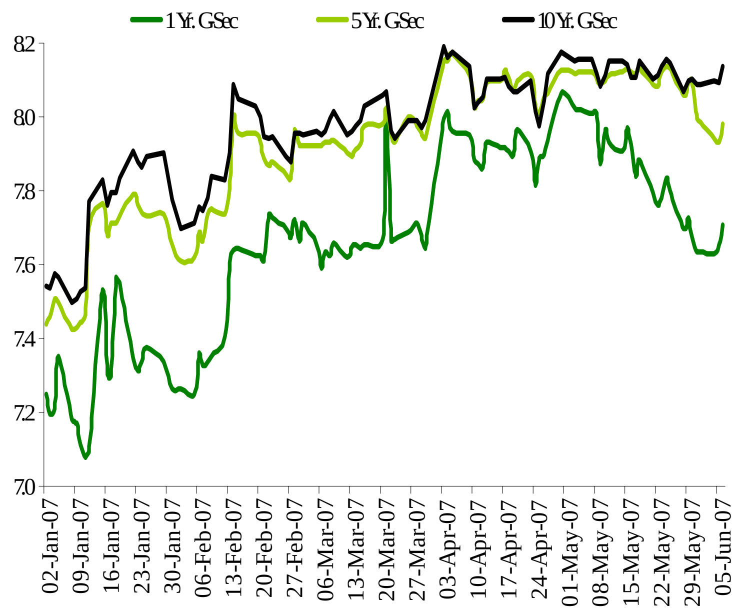
Markets in 2007

Local Short-Term Rates



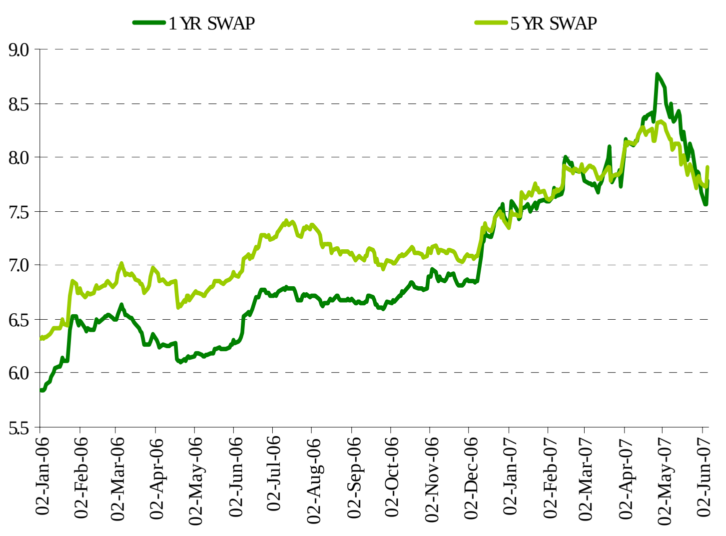
Overnight call money rate has been particularly volatile since mid-March given the pressure on rupee liquidity in the banking system on the back of three CRR hikes since Dec-06 and non-intervention by the RBI in the currency market between mid-March and mid-May. Other short-term rates have been more stable but have trended upwards so far in 2007.

Local Medium & Long-Term Rates



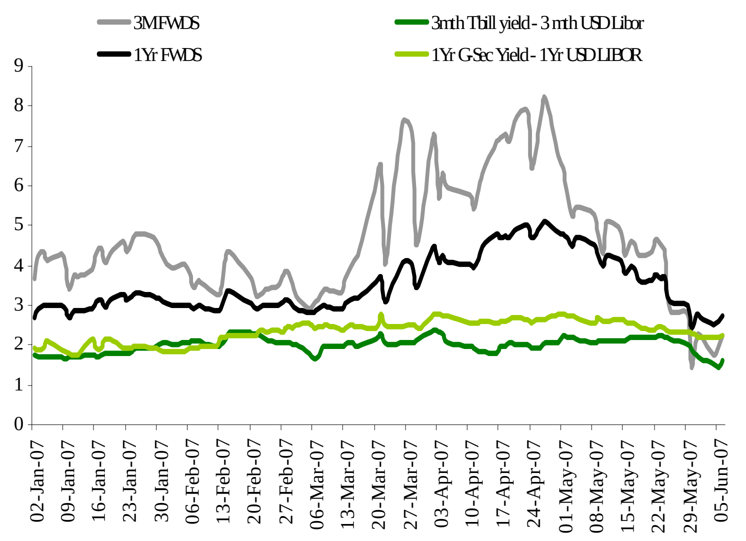
Sovereign yield curve in 2007 has also risen in line with tighter monetary conditions and high inflation. At the same time the curve has steepened i.e. yields on longer tenor bonds have risen faster than the yields on shorter and medium tenor bonds. For instance, the 10-yr yield has gone up by 73 bps between end-Dec06 and 11th June while the yield on 1yr and 5 yr bonds have risen by 37 and 59 bps respectively over the same period.

Interest Rate Swaps



Swap yields after having risen from January to early May, have eased off on the back on an improvement in rupee liquidity and expectations that the RBI is closer to the end of its monetary tightening cycle. As a result market participants have reduced paid positions in swaps since early May after having added to such positions since the start of the year.

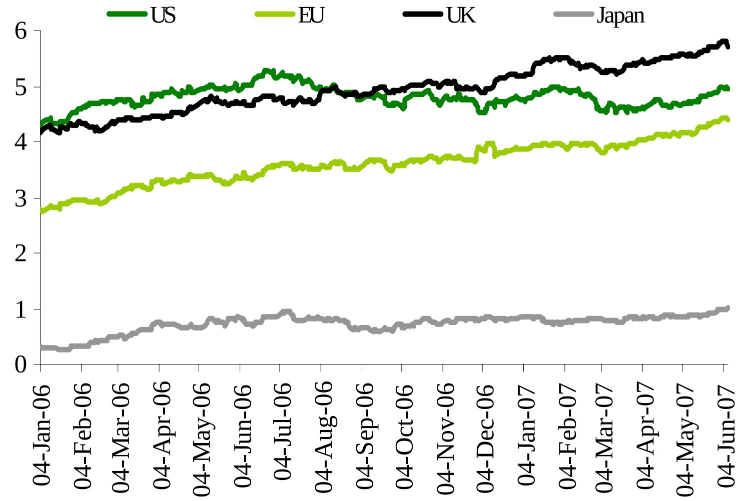
Forward Premiums & Interest Rate Differential



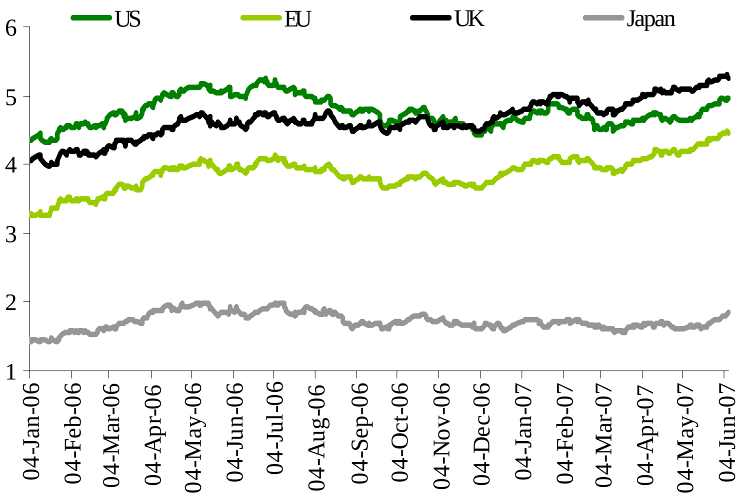
Premia on rupee-dollar forwards have not moved in line with interest rate differentials so far in 2007. This is partly due to banks having actively used the forwards route to generate rupee liquidity through sell-buy swaps. That has pushed up the near-tenor forward premia, Post May, however premia have eased in line with an improvement in the level of rupee liquidity in the banking system.

INDIA / ECONOMICS
WEEKLY OUNCE (F1M0607)

2 Year Government Securities Yields

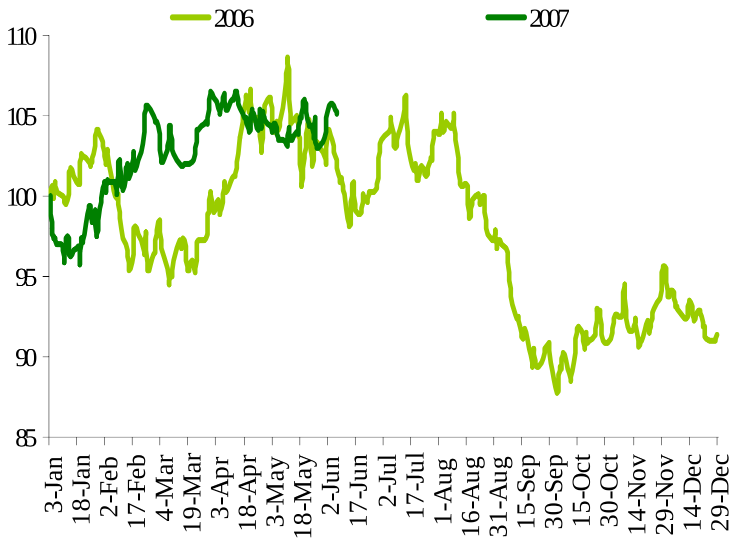


10 Year Government Securities Yields



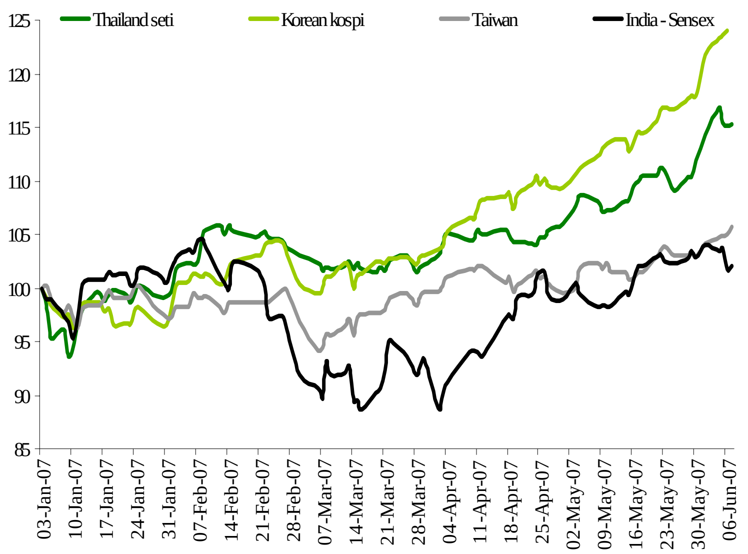
Bond yields have risen globally this year on the back of improved growth prospects. Markets have also progressively priced out a scenario of a sharp slowdown in the US economy and of the Federal Reserve cutting rates this year. At the same time major European central banks, the Bank of England and the European Central Bank (ECB) have raised their policy rates, noting strong growth momentum and inflationary pressures. Rising bond yields are negative for riskier asset classes like equities which have benefited from the carry trades.

CRB Commodity Price Index
(Rebased on Jan 3 = 100)



Commodity prices have risen again in 2007 with agricultural commodities like foodgrains' along with crude oil leading the charge. Industrial metal prices have remained subdued in comparison while precious metals like gold have seen more buoyancy. Commodity prices are prone to bouts of risk aversion among global investors, as they continue to benefit from the carry trades.

Relative Stock Market Performance in 2007
(Rebased on Jan 3 2007= 100)



Indian equities have underperformed other emerging Asian markets so far this year on the back of rising inflation, tight monetary conditions, concerns over growth and relative overvaluation. The market was however has been buoyed by the rapid appreciation of the Indian rupee since mid-March, on the back of strong foreign institutional investor interest in the market. The month of June will be a litmus test for the market strength, given that large of initial public offerings (IPOs) are lined up.

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