



## ■ RUBBER

■ July 02, 2007

### SPOT MARKETS

The rubber prices continued to rule weak at Kottayam as well as in Cochin, both for RSS-4 and RSS-5 grade. Under normal circumstances, during the monsoon season rubber prices go up due to fall in production as rains disrupts tapping and latex production. However, in contrast to that, this year rubber prices are currently hovering around Rs.75 a kg for RSS-4 while it was, ruled between Rs.102 and Rs.105 a kg during November-December last year, despite production being higher and physical stocks also being at their highest in 3-4 years. The same trend was observed at international market; in Bangkok; for RSS-3 and RSS-4 grade.

### FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7581/ctl and traded between the range of Rs.7580- 7724/ctl, before closing at Rs.7700/ctl, Rs.2 up by the previous close of Rs.7698/ctl. The volume of August contract traded decreased drastically.

The similar situation is observed in MCX Rubber July contract, which is opened at Rs.7510/ctl and traded between the range of Rs.7510 - 7650/ctl, before closing at Rs.7617/ctl, Rs.59 up by the previous close of Rs.7558/ctl. The volume July contract traded decreased drastically while open interest decreased marginally as compared to the previous trading session.

### PRICE DRIVERS

#### Bullish:

1. The monsoon at its full swing which disrupt tapping and latex production.

#### Bearish:

1. Quality concerns of rubber stocks.
2. News on huge pending stocks and imports by the tyre sector.
3. User industry targeting higher Imports.

### WEATHER

Rain/thundershowers are likely at most places over Kerala, Coastal Karnataka, Andaman & Nicobar Islands, Konkan & Goa and at a few places over Andhra Pradesh and over rest regions in South-India. The weather is unfavorable for rubber tapping.

### TECHNICALS

Prices closed bellow 9-day as well as 18-day EMA, indicating that short-term as well as intermediate-term trend remains bearish. MACD shows downtrend in negative region supporting the weakness in the market. 9-day RSI is moving upward in neutral region. Stochastic is rising in oversold region. The volume of August contract traded decreased drastically. Rubber futures are likely to trade downward following a steady to weak opening.

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O 7607.00 H 7724.00 L 7580.00 C 7700.00 V 710 T 77,000 I O +100

EMA(9) 7833.5 (18) 8067.1



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7525	7585	7700	7765	7815
MCX July	7465	7510	7617	7675	7740

### TRADE RECOMMENDATION

Sell NMCE August Rubber near Rs. 7690-7705 with a target at Rs. 7655 and then Rs. 7595 with a strict stop loss at Rs.7745.

Sell MCX July Rubber near Rs. 7605-7620 with a target at Rs. 7552 and then Rs. 7515 with a strict stop loss at Rs.7660. Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		28.06.2007	29.06.2007	
Kottayam	RSS-4	7525	7425	-100
	RSS-5	7400	7275	-125
Cochin	RSS-4	7525	7425	-100
	RSS-5	7400	7275	-125



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		28.06.2007	29.06.2007	
Bangkok	RSS-3	8914	8798	-116
	RSS-4	8878	8762	-116
Kuala Lumpur	SMR-20	8554	8467	-87
	Latex (60%drc)	5488	5443	-45

### INTERNATIONAL PRICES (AS OF JUNE 29, 2007)

#### Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	257.3	260.0	255.7	257.1	-1.2
August 2007	256.7	259.7	255.5	256.2	-0.3
September 2007	254.2	257.0	252.7	253.6	-0.6

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