

RUBBER

Agriwatch
DAILY

RUBBER

July 12, 2007

SPOT MARKETS

Rubber domestic spot market prices were up on Wednesday. Demand from the domestic user industry is expected to remain steady with the global prices staying higher by nearly 9 rupees per 1 kg, compared with domestic rates. Imports of natural rubber in June at 6,438 tone, compared with 15,000 tone in May, indicating that; user industry focusing more on domestic supply. Rubber prices were up at Kottayam as well as in Cochin due to strong demand, both for RSS-4 and RSS-5 grade. Same trend was observed at international market in Bangkok; as prices were increased for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7850/qty and traded between the range of Rs.7811 - 7970/qty, before closing at Rs.7920/qty. Rs.2 up by the previous close of Rs.7918/qty. The volume of August contract traded increased drastically.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7500/qty and traded between the range of Rs.7500 - 7650/qty, before closing at Rs.7616/qty, Rs.66 up by the previous close of Rs.7550/qty. The volume of July contract traded increased drastically, while open interest decreased drastically as compared to the previous trading session.

PRICE DRIVERS

Bullish:

1. The monsoon at its full swing which disrupt tapping and latex production.
2. Decline in Rubber output.
3. Decrease in rubber import by user industry.

Bearish:

1. Quality concerns of rubber stocks.
2. Huge carry over stocks.
3. Strong rupee; limiting the scope for export.

WEATHER

Rain/thundershowers are likely at most places over Kerala, Coastal Karnataka, Konkan & Goa, Andaman & Nicobar and other rubber growing areas. The weather is unfavorable for rubber tapping and latex production.

TECHNICALS

Prices closed above 9-day EMA, and 18-day EMA indicating that short-term trend as well as intermediate-term trend remains bullish. MACD shows uptrend in negative region; supporting the firmness in the market. 9-day RSI is moving upward in neutral region. While stochastic is rising in neutral region. The volume of August contract traded increased drastically. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/07/11 - Daily B:7906.00 A:7923.00
O 7870.00 H 7970.00 L 7811.00 C 7920.00 V 2,146 T 79,200 I O +38



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7745	7820	7920	7995	8065
MCX July	7440	7530	7616	7685	7745

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 7915-7930 with a target at Rs. 7955 and then Rs. 7990 with a strict stop loss at Rs.7892.

Buy MCX July Rubber near Rs. 7610-7625 with a target at Rs. 7645 and then Rs. 7680 with a strict stop loss at Rs.7588. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		10.07.2007	11.07.2007	
Kottayam	RSS-4	7550	7650	+100
	RSS-5	7400	7500	+100
Cochin	RSS-4	7550	7650	+100
	RSS-5	7400	7500	+100



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		10.07.2007	11.07.2007	
Bangkok	RSS-3	8280	8367	+87
	RSS-4	8245	8331	+86
Kuala Lumpur	SMR-20	8092	8076	-16
	Latex (60%drc)	5188	5161	-27

INTERNATIONAL PRICES (AS OF JULY 11, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	250.5	253.8	250.5	251.6	-2.5
August 2007	253.0	254.6	250.4	251.7	-3.2
September 2007	252.7	254.0	249.7	251.0	-2.7

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