



## RUBBER

July 21, 2007

### SPOT MARKETS

Spot rubber made gain on Friday. Natural rubber production in the country registered a 2.7% fall in the April-June period of current fiscal. Production stood at 1, 64,150 tonnes compared to 1, 68,665 tonnes during the same period of the previous year. On the other hand, consumption of natural rubber increased by 2% during the period over the year-ago period. Consumption stood at 1, 98,245 tonnes during the first quarter this year against 1, 94,440 tonnes in year-ago period. Rubber prices were up at Kottayam as well as in Cochin, both for RSS-4 and RSS-5 grade. The same trend was observed at international market in Bangkok; prices were increased for RSS-3 grade and remain steady for RSS-4 grade.

### FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8039/qty and traded between the range of Rs.8099 - 8289/qty, before closing at Rs.8200/qty, Rs.161 up by the previous close of Rs.8039/qty. The volume of August contract traded decreased marginally.

Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8109/qty and traded between the range of Rs.8075 - 8220/qty, before closing at Rs.8125/qty, Rs.112 up by the previous close of Rs.8013/qty. The volume of August 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.
2. Decline in Rubber output, due to viral fever gripping in rubber growing areas in Kerala.
3. Decrease in rubber import by user industry.
4. Firm demand from domestic users.

#### Bearish:

1. 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 declining in neutral region. The volume of August contract traded decreased marginally. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/07/20 - Daily B:8191.00 A:8205.00  
O 8039.00 H 8289.00 L 8039.00 C 8200.00 V 2,332 T 82,000 I O +172  
EMA(9) 8114.0 (18) 8052.8



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7920	8048	8200	8300	8426
MCX August	7991	8042	8125	8227	8286

### TRADE RECOMMENDATIONS

Sell NMCE August Rubber near Rs. 8192- 8215 with a target at Rs. 8242 and then Rs. 8294 with a strict stop loss at Rs.8174.

Sell MCX August Rubber near Rs. 8118-8134 with a target at Rs. 8170 and then Rs.8218 with a strict stop loss at Rs.8090. Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		19.07.2007	20.07.2007	
Kottayam	RSS-4	8100	8150	+50
	RSS-5	7950	8000	+50
Cochin	RSS-4	8075	8150	+75
	RSS-5	7950	8000	+50



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		19.07.2007	20.07.2007	
Bangkok	RSS-3	8323	8388	+65
	RSS-4	8286	8352	+66
Kuala Lumpur	SMR-20	8214	8313	+99
	Latex (60%drc)	5294	5365	+71

### INTERNATIONAL PRICES (AS OF JULY 20, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	249.3	255.0	249.3	255.0	+5.1
August 2007	251.7	257.5	251.6	257.5	+6.4
September 2007	252.2	257.9	252.2	257.4	+6.5

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