



RUBBER

July 26, 2007

SPOT MARKETS

Spot rubber made remains almost steady on Wednesday. Rubber prices at Kottayam as well as in Cochin, for RSS-4 increased slightly, while prices for RSS-5 grade remain steady. On the other hand, at international market in Bangkok; prices were decreased for RSS-3 and for RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8178/mtl and traded between the range of Rs.8120 - 8342/mtl, before closing at Rs.8300/mtl, Rs.122 up by the previous close of Rs.8178/mtl. The volume of August contract traded increased drastically, as compared to the previous trading session.

Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8095/mtl and traded between the range of Rs.8216-8070/mtl, before closing at Rs.8200/mtl, Rs.107 up by the previous close of Rs.8093/mtl. The volume of the August contract, increased marginally 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. 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 increased drastically, as compared to the previous trading session. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/07/25 - Daily B:8295.00 A:8303.00
O 8178.00 H 8342.00 L 8120.00 C 8300.00 V 1,507 T 83,000 I O +114
EMA(9) 8180.6 (18) 8113.7



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8038	8166	8300	8396	8479
MCX August	8018	8097	8200	8250	8311

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8290- 8315 with a target at Rs. 8340 and then Rs. 8390 with a strict stop loss at Rs.8265.

Buy MCX August Rubber near Rs. 8190-8210 with a target at Rs. 8220 and then Rs.8245 with a strict stop loss at Rs.8180. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		24.07.2007	25.07.2007	
Kottayam	RSS-4	8125	8150	+25
	RSS-5	8000	8000	--
Cochin	RSS-4	8125	8150	+25
	RSS-5	8000	8000	--



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		24.07.2007	25.07.2007	
Bangkok	RSS-3	8464	8439	-25
	RSS-4	8428	8403	-25
Kuala Lumpur	SMR-20	8396	8397	+1
	Latex (60%drc)	5376	5351	-25

INTERNATIONAL PRICES (AS OF JULY 25, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	248.7	248.7	248.7	248.7	-3.1
August 2007	249.8	251.0	247.8	249.9	-4.7
September 2007	251.3	253.0	248.9	250.6	-3.8

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