



RUBBER

July 07, 2007

SPOT MARKETS

On Friday rubber prices were up at Kottayam as well as in Cochin due to strong demand, both for RSS-4 and RSS-5 grade. On the other hand downtrend was observed at MCX and NMCE Rubber futures. While at international market in Bangkok; prices were slightly increased for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7751/mt and traded between the range of Rs.7531 - 7898/mt, before closing at Rs.7613/mt. Rs.174 down by the previous close of Rs.7787/mt. The volume of August contract traded increased.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7750/mt and traded between the range of Rs.7466 - 7750/mt, before closing at Rs.7500/mt, Rs.226 down by the previous close of Rs.7726/mt. The volume of 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. Huge carry over stocks.
3. User industry targeting higher imports.
4. Strong rupee; limiting the scope for export.
5. Decrease in rubber demand from china.

WEATHER

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

TECHNICALS

Prices closed below 9-day EMA, as well as 18-day EMA, indicating that short-term trend 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 downward in neutral region. While stochastic is rising slightly in oversold region. The volume of August contract traded increased. Rubber futures are likely to trade downward following a steady to weak opening.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7310	7455	7613	7850	8050
MCX July	7280	7390	7500	7715	7845

TRADE RECOMMENDATIONS

Sell NMCE August Rubber near Rs. 7605-7615 with a target at Rs. 7533 and then Rs. 7465 with a strict stop loss at Rs.7675.

Sell MCX July Rubber near Rs. 7490-7510 with a target at Rs. 7445 and then Rs. 7400 with a strict stop loss at Rs.7540. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		05.07.2007	06.07.2007	
Kottayam	RSS-4	7350	7375	+25
	RSS-5	7200	7250	+50
Cochin	RSS-4	7350	7375	+25
	RSS-5	7200	7250	+50



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		05.07.2007	06.07.2007	
Bangkok	RSS-3	8417	8418	+1
	RSS-4	8381	8382	+1
Kuala Lumpur	SMR-20	8120	8116	-4
	Latex (60%drc)	5192	5204	+12

INTERNATIONAL PRICES (AS OF JULY 06, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	256.8	257.9	252.3	253.0	-3.6
August 2007	257.0	257.9	252.3	253.2	-3.3
September 2007	254.5	255.1	248.7	249.0	-4.7

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