

RUBBER

July 04, 2007

SPOT MARKETS

China has surpassed the United States to become the world's largest synthetic rubber consumer. However rubber demand from china decline slightly. The rubber prices continued to rule weak 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 for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7489/ctl and traded between the range of Rs.7408- 7515/ctl, before closing at Rs.7448 /ctl. Rs.41 down by the previous close of Rs.7489/ctl. The volume of August contract traded increased marginally.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7390/ctl and traded between the range of Rs.7369 - 7472/ctl, before closing at Rs.7420/ctl, Rs.4 down by the previous close of Rs.7424/ctl. The volume as well as open interest of July contract traded 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, 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 and latex production.

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 as well as Stochastic is moving downward in oversold region. The volume of August contract traded increased marginally. Rubber futures are likely to trade downward following a steady to weak opening.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7355	7400	7448	7515	7585
MCX July	7310	7370	7420	7475	7530

TRADE RECOMMENDATION

Sell NMCE August Rubber near Rs. 7440-7455 with a target at Rs. 7420 and then Rs. 7405 with a strict stop loss at Rs.7465.

Sell MCX July Rubber near Rs. 7410-7425 with a target at Rs. 7395 and then Rs. 7375 with a strict stop loss at Rs.7440. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		02.06.2007	03.07.2007	
Kottayam	RSS-4	7375	7300	-75
	RSS-5	7250	7200	-50
Cochin	RSS-4	7350	7300	-50
	RSS-5	7250	7200	-50



■ RUBBER

■ July 04, 2007

INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		02.06.2007	03.07.2007	
Bangkok	RSS-3	8660	8547	-113
	RSS-4	8624	8512	-112
Kuala Lumpur	SMR-20	8381	8357	-24
	Latex (60%drc)	5369	5354	-15

INTERNATIONAL PRICES (AS OF JULY 03, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	253.0	254.5	250.9	254.0	+1.1
August 2007	252.7	254.3	250.3	253.4	+1.2
September 2007	249.6	252.4	247.6	251.1	+1.1

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt Ltd.