

RUBBER

Agriwatch
DAILY

RUBBER

July 16, 2007

SPOT MARKETS

Spot rubber made gains 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, at international market in Bangkok; prices were decreased for RSS-3 and RSS-4 grade. The market was reacting closely to supply concerns and related news.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8225/ctl and traded between the range of Rs.8180 - 8279/ctl, before closing at Rs.8188/ctl, Rs.6 down by the previous close of Rs.8194/ctl. The volume of August contract traded decreased drastically.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7900/ctl and traded between the range of Rs.7800 - 8063/ctl, before closing at Rs.7866/ctl, Rs.39 down by the previous close of Rs.7905/ctl. The volume of July contract traded increased 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.
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 slightly downward in neutral region. While stochastic is rising in neutral region. The volume of August contract traded decreased drastically. Rubber futures are likely to trade upward following a steady to firm opening.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8110	8140	8188	8255	8322
MCX July	7648	7762	7866	8018	8172

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8182- 8200 with a target at Rs. 8220 and then Rs. 8252 with a strict stop loss at Rs.8160.

Buy MCX July Rubber near Rs. 7858-7875 with a target at Rs. 7926 and then Rs. 8005 with a strict stop loss at Rs.7805.Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		12.07.2007	13.07.2007	
Kottayam	RSS-4	7900	8000	+100
	RSS-5	7700	7850	+150
Cochin	RSS-4	7900	8000	+100
	RSS-5	7700	7850	+150



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		12.07.2007	13.07.2007	
Bangkok	RSS-3	8447	8378	-69
	RSS-4	8410	8342	-68
Kuala Lumpur	SMR-20	8064	8095	+31
	Latex (60%drc)	5167	5205	+38

INTERNATIONAL PRICES (AS OF JULY 13, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	254.8	256.1	254.0	254.7	-0.1
August 2007	258.0	258.0	254.1	254.9	+0.4
September 2007	256.9	256.9	252.7	254.0	+0.7

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