

## RUBBER

July 28, 2007

### SPOT MARKETS

Spot rubber made gain on Friday. Rubber prices at Kottayam as well as in Cochin, for RSS-4 and RSS-5 grade were increased sharply. The similar trend was observed, at international market in Bangkok; prices were increased for RSS-3 and for RSS-4 grade. During the January to May 2007 period, India's natural rubber exports were mainly to China with 127,176 tonnes, Germany (57,873 tonnes), the US (24,328 tonnes), France (21,983 tonnes), South Korea (21,957 tonnes), Brazil (13,788 tonnes) and Portugal (9,729 tonnes). The total exports to these countries accounted for 68.8 per cent of the overall natural rubber exports.

### FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8625/qty and traded between the range of Rs.8453 - 8630/qty, before closing at Rs.8460/qty, Rs.1 down by the previous close of Rs.8461/qty. The volume of August contract traded decreased marginally, as compared to the previous trading session. Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8540/qty and traded between the range of Rs.8550-8335/qty, before closing at Rs.8335/qty, Rs.155 down by the previous close of Rs.8490/qty. The volume of the August contract, 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. 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 positive region; supporting the firmness in the market. 9-day RSI is moving downward in neutral region. While stochastic is rising in neutral region. The volume of August contract traded decreased marginally, as compared to the previous trading session. Rubber futures are likely to trade upward following a steady to firm opening.



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8318	8410	8460	8628	8718
MCX August	8193	8266	8335	8503	8631

### TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8450- 8475 with a target at Rs. 8520 and then Rs. 8605 with a strict stop loss at Rs.8415.

Buy MCX August Rubber near Rs. 8325-8350 with a target at Rs. 8400 and then Rs.8485 with a strict stop loss at Rs.8305.Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		26.07.2007	27.07.2007	
Kottayam	RSS-4	8350	8500	+150
	RSS-5	8200	8300	+100
Cochin	RSS-4	8350	8450	+100
	RSS-5	8200	8300	+100



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		26.07.2007	27.07.2007	
Bangkok	RSS-3	8453	8494	+41
	RSS-4	8417	8458	+41
Kuala Lumpur	SMR-20	8352	8312	-40
	Latex (60%drc)	5316	5271	-45

### INTERNATIONAL PRICES (AS OF JULY 27, 2007)

#### Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	256.3	258.1	254.3	254.6	-4.7
September 2007	253.4	259.9	253.2	255.5	-3.8
October 2007	255.2	260.9	254.5	256.1	-4.8

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