



RUBBER

July 09, 2007

SPOT MARKETS

Rubber domestic spot market prices were up on Saturday. According to Rubber Board, India's natural rubber output is decreased by 3% to 163,665 in Apr-Jun, compared with a year ago, and this is due to the fever caused by chikungunya virus in Kerala's Pathanamthitta, Kottayam, and Idukki districts for the past two months which has disrupted normal rubber tapping operations. 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.7581/ctl and traded between the range of Rs.7581 - 7659/ctl, before closing at Rs.7624/ctl. Rs.5 up by the previous close of Rs.7619/ctl. The volume of August contract traded increased drastically.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7530/ctl and traded between the range of Rs.7515 - 7530/ctl, before closing at Rs.7523/ctl, Rs.27 up by the previous close of Rs.7496/ctl. 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.
2. Decline in Rubber output.

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.

WEATHER

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

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 slightly upward in neutral region. While stochastic is rising in neutral region. The volume of August contract traded increased drastically. Rubber futures are likely to trade upward following a steady to firm opening.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7530	7582	7624	7665	7715
MCX July	7475	7490	7523	7535	7545

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 7620-7630 with a target at Rs. 7645 and then Rs. 7660 with a strict stop loss at Rs.7605.

Sell MCX July Rubber near Rs. 7515-7528 with a target at Rs. 7510 and then Rs. 7495 with a strict stop loss at Rs.7530. 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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