



RUBBER

July 06, 2007

SPOT MARKETS

On Thursday rubber prices showed a sharp uptrend at Kottayam as well as in Cochin due to strong demand, both for RSS-4 and RSS-5 grade. The same trend was reflected at MCX and NMCE Rubber futures. While opposite to that, downtrend was observed at international market; in Bangkok for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7525/ctl and traded between the range of Rs.7520 - 7787/ctl, before closing at Rs.7787/ctl. Rs.299 up by the previous close of Rs.7488/ctl. The volume of August contract traded increased drastically.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7520/ctl and traded between the range of Rs.7501 - 7730/ctl, before closing at Rs.7715/ctl, Rs.270 up by the previous close of Rs.7445/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.

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 above 9-day EMA, indicating that short-term trend remains bullish, while closed below 18-day EMA, indicating that intermediate-term trend remains bearish. MACD shows downtrend in negative region; supporting the weakness in the market. 9-day RSI is sharply moving upward in oversold region. While stochastic is rising slightly in oversold 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	7395	7580	7787	7885	7975
MCX July	7410	7560	7715	7810	7900

TRADE RECOMMENDATION

Buy NMCE August Rubber near Rs. 7785-7800 with a target at Rs. 7835 and then Rs. 7875 with a strict stop loss at Rs.7745.

Buy MCX July Rubber near Rs. 7710-7725 with a target at Rs. 7765 and then Rs. 7800 with a strict stop loss at Rs.7675. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		04.06.2007	05.07.2007	
Kottayam	RSS-4	7250	7350	+100
	RSS-5	7150	7200	+50
Cochin	RSS-4	7225	7350	+125
	RSS-5	7125	7200	+75



■ RUBBER

■ July 06, 2007

INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		04.06.2007	05.07.2007	
Bangkok	RSS-3	8446	8417	-29
	RSS-4	8411	8381	-30
Kuala Lumpur	SMR-20	8187	8120	-67
	Latex (60%drc)	5230	5192	-38

INTERNATIONAL PRICES (AS OF JULY 05, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	255.3	256.6	255.3	256.6	+1.7
August 2007	254.5	256.5	254.5	256.5	+2.1
September 2007	253.2	253.8	252.1	253.7	+2.3

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.