

RUBBER

Agriwatch
DAILY

RUBBER

July 13, 2007

SPOT MARKETS

Spot rubber made smart gains on Thursday, indicating the possibility of a bull run. There is fall in domestic output by 3% in Apr-Jun due to adverse climate as well as chikungunya fever amongst rubber plantation workers may also help rubber prices to stay firm. Rubber output slipped to 163,665 tones in Apr-Jun from 168,665 tone in the same period a year ago. Rubber prices were up at Kottayam as well as in Cochin due to strong demand, both for RSS-4 and RSS-5 grade. Same trend was observed at international market in Bangkok; as prices were increased for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7918/ctl and traded between the range of Rs.7940 - 8234/ctl, before closing at Rs.8234/ctl, Rs. 314 up by the previous close of Rs.7920/ctl. The volume of August contract traded increased drastically.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7700ctl and traded between the range of Rs.7680 - 7930/ctl, before closing at Rs.7930/ctl, Rs.305 up by the previous close of Rs.7625/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.
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 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.

RUBBER 0708(NMRUBQ7)2007/07/12 - Daily B:8231.00
O 7918.00 H 8234.00 L 7918.00 C 8234.00 V 3,003 T 82,340 I O +314



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7798	8025	8234	8330	8425
MCX July	7590	7770	7930	7998	8088

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8225- 8245 with a target at Rs. 8269 and then Rs. 8320 with a strict stop loss at Rs.8200.

Buy MCX July Rubber near Rs. 7922-7940 with a target at Rs. 7960 and then Rs. 7995 with a strict stop loss at Rs.7905.Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		11.07.2007	12.07.2007	
Kottayam	RSS-4	7650	7900	+250
	RSS-5	7500	7700	+200
Cochin	RSS-4	7650	7900	+250
	RSS-5	7500	7700	+200



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		11.07.2007	12.07.2007	
Bangkok	RSS-3	8367	8447	+80
	RSS-4	8331	8410	+79
Kuala Lumpur	SMR-20	8076	8064	-12
	Latex (60%drc)	5161	5167	+6

INTERNATIONAL PRICES (AS OF JULY 12, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	251.6	255.1	251.6	254.8	+3.2
August 2007	251.8	255.0	251.8	254.5	+2.8
September 2007	252.0	254.7	251.6	253.3	+2.3

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