

RUBBER

Agriwatch
DAILY

RUBBER

July 03, 2007

SPOT MARKETS

The rubber prices continued to rule weak at Kottayam as well as in Cochin, both for RSS-4 and RSS-5 grade. The same trend was observed at international market; in Bangkok for RSS-3 and RSS-4 grade. Malaysian Government expects to reach its target of at least 800,000 ha of rubber trees in the country by 2012. This would ensure a consistent supply of rubber and establish Malaysia as a key producer in the world. Malaysia is the world's third largest exporter of rubber with an annual production of 1.2 million metric tonnes.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7661/qty and traded between the range of Rs.7475- 7661/qty, before closing at Rs.7490 /qty. Re.1 up by the previous close of Rs.7689/qty. The volume of August contract traded increased drastically.

While MCX Rubber July contract, opened at Rs.7472/qty and traded between the range of Rs.7401 - 7520/qty, before closing at Rs.7416/qty, Rs.201 down by the previous close of Rs.7617/qty. The volume July contract traded increased drastically while open interest remains steady 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. News on huge pending stocks and imports by the tyre sector.
3. User industry targeting higher Imports.

WEATHER

Rain/thundershowers are likely at most places over Kerala, Coastal Karnataka, Andaman & Nicobar Islands, Konkan & Goa and at a few places over Andhra Pradesh and over rest regions in South-India. The weather is unfavorable for rubber tapping.

TECHNICALS

Prices closed bellow 9-day as well as 18-day EMA, indicating that short-term 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 downward in oversold region. Stochastic is slightly increasing in oversold region. The volume of August contract traded increased drastically. Rubber futures are likely to trade downward following a steady to weak opening.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7335	7415	7490	7665	7775
MCX July	7315	7360	7416	7485	7565

TRADE RECOMMENDATION

Sell NMCE August Rubber near Rs. 7480-7495 with a target at Rs. 7450 and then Rs. 7420 with a strict stop loss at Rs.7520.

Sell MCX July Rubber near Rs. 7405-7420 with a target at Rs. 7386 and then Rs. 7362 with a strict stop loss at Rs.7442. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		29.06.2007	02.07.2007	
Kottayam	RSS-4	7425	7375	-50
	RSS-5	7275	7250	-25
Cochin	RSS-4	7425	7350	-75
	RSS-5	7275	7250	-25

COMMODITIES RESEARCH



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		29.06.2007	02.07.2007	
Bangkok	RSS-3	8798	8660	-138
	RSS-4	8762	8624	-138
Kuala Lumpur	SMR-20	8467	8381	-86
	Latex (60%drc)	5443	5369	-74

INTERNATIONAL PRICES (AS OF JULY 02, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	260.0	260.0	249.3	252.9	-4.2
August 2007	258.5	258.8	248.1	252.2	-4.0
September 2007	256.8	256.8	246.1	250.0	-3.6

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