

RUBBER

July 30, 2007

SPOT MARKETS

Spot rubber made remains almost steady on Saturday. Rubber prices at Kottayam remains steady, for RSS-4 and RSS-5 grade, while in Cochin, for RSS-4 increased slightly and RSS-5 grade remains steady. However, at international market in Bangkok; prices were increased for RSS-3 and for RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8461/mtl and traded between the range of Rs.8461-8546/mtl, steady at same level, before closing at Rs.8531/mtl. Rs.71. up by the previous close of Rs.8460/mtl. The volume of August contract traded decreased drastically, as compared to the previous trading session.

Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8269/mtl and traded between the range of Rs.8269-8415/mtl, before closing at Rs.8364/mtl, Rs.29. up by the previous close of Rs.8335/mtl. 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 drastically, 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	8422	8463	8531	8600	8645
MCX August	8203	8282	8364	8423	8502

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8522- 8540 with a target at Rs. 8575 and then Rs. 8598 with a strict stop loss at Rs.8505.

Buy MCX August Rubber near Rs. 8356-8375 with a target at Rs. 8392 and then Rs.8320 with a strict stop loss at Rs.8342. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		27.07.2007	28.07.2007	
Kottayam	RSS-4	8500	8500	--
	RSS-5	8300	8300	--
Cochin	RSS-4	8450	8500	+50
	RSS-5	8300	8300	--



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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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