



RUBBER

July 05, 2007

SPOT MARKETS

Vietnam, world's 4th biggest natural rubber exporter, estimated to export 281, 000 tons of rubber in the first half of this year, down 3.5 percent in volume, over the same period last year. While in 2007, Vietnam is expected to sell overseas, about 830,000 tons of rubber, up by 19.1percent over 2006. Indonesia's rubber exports are increased in volume as well as in value this year, according to Indonesian trade ministry official. 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.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7405/ctl and traded between the range of Rs.7360 - 7499/ctl, before closing at Rs.7490/ctl. Rs.58 up by the previous close of Rs.7432/ctl. The volume of August contract traded increased drastically.

Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7370ctl and traded between the range of Rs.7370 - 7461/ctl, before closing at Rs.7460/ctl, Rs.38 up by the previous close of Rs.7422/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.

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 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 as well as Stochastic is moving upward in oversold region. The volume of August contract traded increased drastically. Rubber futures are likely to trade downward following a steady to firm opening.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7300	7370	7490	7550	7590
MCX July	7325	7375	7460	7500	7545

TRADE RECOMMENDATION

Sell NMCE August Rubber near Rs. 7485-7500 with a target at Rs. 7435 and then Rs. 7375 with a strict stop loss at Rs.7540.

Sell MCX July Rubber near Rs. 7445-7470 with a target at Rs. 7425 and then Rs. 7385 with a strict stop loss at Rs.7490. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		03.06.2007	04.07.2007	
Kottayam	RSS-4	7300	7250	-50
	RSS-5	7200	7150	-50
Cochin	RSS-4	7300	7225	-75
	RSS-5	7200	7125	-75



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		03.06.2007	04.07.2007	
Bangkok	RSS-3	8547	8446	-101
	RSS-4	8512	8411	-101
Kuala Lumpur	SMR-20	8357	8187	-170
	Latex (60%drc)	5354	5230	-124

INTERNATIONAL PRICES (AS OF JULY 04, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	254.8	254.9	253.1	254.9	+0.9
August 2007	255.4	255.9	253.1	254.4	+1.0
September 2007	253.9	253.9	250.5	251.4	+0.3

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