

RUBBER

July 10, 2007

SPOT MARKETS

Rubber domestic spot market prices were up on Monday. 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 MCX and NMCE Rubber futures. While at international market in Bangkok and Kuala Lumpur; prices were decreased for RSS-3 and RSS-4 grade. In India, consumption of rubber has risen marginally by 1.5% at 197,245 tones, compared with 194,440 tones year ago. Rubber imports to India in Apr-Jun rose 41% at 23,142 tones from 16,385 tones, While rubber exports, slipped by 59% to 9,343 tones from 22,612 tones in same period a year ago. In June, rubber output slipped to 55,000 tones, compared with 57,710 tones a year ago.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.7619/ctl and traded between the range of Rs.7575 - 7844/ctl, before closing at Rs.7810/ctl. Rs.15 up by the previous close of Rs.7795/ctl. The volume of August contract traded increased drastically. Similar situation is observed in MCX Rubber July contract which is, opened at Rs.7523/ctl and traded between the range of Rs.7500 - 7650/ctl, before closing at Rs.7527/ctl, Rs.4 up by the previous close of Rs.7523/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.
2. Decline in Rubber output.

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.

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 bellow 18-day EMA, indicating that intermediate-term trend remains bearish. MACD shows uptrend in negative region; supporting the weakness 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.



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	7480	7645	7810	7910	7995
MCX July	7400	7465	7527	7615	7710

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 7805-7820 with a target at Rs. 7845 and then Rs. 7900 with a strict stop loss at Rs.7770.

Buy MCX July Rubber near Rs. 7522-7535 with a target at Rs. 7565 and then Rs. 7600 with a strict stop loss at Rs.7497. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		07.07.2007	09.07.2007	
Kottayam	RSS-4	7375	7425	+50
	RSS-5	7250	7300	+50
Cochin	RSS-4	7375	7425	+50
	RSS-5	7250	7300	+50



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		06.07.2007	09.07.2007	
Bangkok	RSS-3	8418	8295	-123
	RSS-4	8382	8259	-123
Kuala Lumpur	SMR-20	8116	8078	-38
	Latex (60%drc)	5204	5180	-24

INTERNATIONAL PRICES (AS OF JULY 09, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	253.9	254.8	253.9	254.5	-0.6
August 2007	254.9	256.9	254.3	256.0	-1.7
September 2007	252.2	255.1	252.2	253.0	-0.5

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