



## RUBBER

July 23, 2007

### SPOT MARKETS

Spot rubber made loss on Saturday. According to the Statistics Department, Natural rubber exports during May 2007 declined 8.7 per cent to 72,589 tonnes compared with the previous month. Standard Malaysian Rubber (SMR) constituted 93.9 per cent of total exports and of the total SMR exported; the highest at 40 per cent was the SMR 20 variety. Rubber prices as on Friday, were up 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; prices were increased for RSS-3 grade and remain steady for RSS-4 grade.

### FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8205/ctl and traded between the range of Rs.8140 - 8223/ctl, before closing at Rs.8215/ctl, same that of previous close price. The volume of August contract traded decreased drastically.

Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8081/ctl and traded between the range of Rs.8070 - 8145/ctl, before closing at Rs.8121/ctl, Rs.21 down by the previous close of Rs.8138/ctl. The volume of August contract traded decreased drastically while open interest increased 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. Decrease in rubber import by user industry.
4. 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 negative region; supporting the firmness in the market. 9-day RSI is moving upward in neutral region. While stochastic is declining in neutral region. The volume of August contract traded decreased drastically. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/07/21 - Daily B:8215.00 A:8222.00  
O 8205.00 H 8223.00 L 8140.00 C 8215.00 V 853 T 82,150 I O +15



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8069	8140	8215	8273	8328
MCX August	7974	8047	8121	8193	8233

### TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8208- 8224 with a target at Rs. 8240 and then Rs. 8270 with a strict stop loss at Rs.8195.

Sell MCX August Rubber near Rs. 8112-8128 with a target at Rs. 8091 and then Rs.8054 with a strict stop loss at Rs.8148. Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		19.07.2007	20.07.2007	
Kottayam	RSS-4	8100	8150	+50
	RSS-5	7950	8000	+50
Cochin	RSS-4	8075	8150	+75
	RSS-5	7950	8000	+50



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		19.07.2007	20.07.2007	
Bangkok	RSS-3	8323	8388	+65
	RSS-4	8286	8352	+66
Kuala Lumpur	SMR-20	8214	8313	+99
	Latex (60%drc)	5294	5365	+71

### INTERNATIONAL PRICES (AS OF JULY 20, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	249.3	255.0	249.3	255.0	+5.1
August 2007	251.7	257.5	251.6	257.5	+6.4
September 2007	252.2	257.9	252.2	257.4	+6.5

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