

RUBBER

Agriwatch
DAILY

RUBBER

July 18, 2007

SPOT MARKETS

Spot rubber made gains on Tuesday, due to demand from user industry. The bull in the market mainly catalyzed by domestic supply concerns. Rubber prices were up at Kottayam as well as in Cochin due to strong demand, both for RSS-4 and RSS-5 grade. On the other hand at international market in Bangkok; prices were decreased for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8425/qty and traded between the range of Rs.8310 - 8425/qty, before closing at Rs.8325/qty, Rs.9 down by the previous close of Rs.8334/qty. The volume of August contract traded decreased drastically.

Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8340/qty and traded between the range of Rs.8255 - 8340/qty, before closing at Rs.8276/qty, Rs.102 down by the previous close of Rs.8378/qty. 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.
3. Decrease in rubber import by user industry.

Bearish:

1. Quality concerns of rubber stocks.
2. Huge carry over stocks.
3. 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 downward in neutral region. While stochastic is rising in overbought 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)2007/07/17 - Daily B:8325.00 A:8328.00
O 8461.00 H 8461.00 L 8310.00 C 8325.00 V 1,978 T 83,250 I O -142
EMA(9) 8128.1 (18) 8037.0



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8218	8270	8325	8455	8524
MCX August	8206	8252	8276	8340	8384

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8320- 8335 with a target at Rs. 8374 and then Rs. 8428 with a strict stop loss at Rs.8295.

Buy MCX August Rubber near Rs. 8268-8288 with a target at Rs. 8304 and then Rs. 8332 with a strict stop loss at Rs.8248. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		16.07.2007	17.07.2007	
Kottayam	RSS-4	8150	8250	+100
	RSS-5	8000	8100	+100
Cochin	RSS-4	8150	8250	+100
	RSS-5	8000	8100	+100

COMMODITIES RESEARCH



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		16.07.2007	17.07.2007	
Bangkok	RSS-3	8411	8378	-33
	RSS-4	8374	8342	-32
Kuala Lumpur	SMR-20	8151	8111	-40
	Latex (60%drc)	5249	5250	+1

INTERNATIONAL PRICES (AS OF JULY 17, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	254.7	255.6	248.7	249.3	-5.4
August 2007	254.6	254.6	249.0	249.6	-5.3
September 2007	254.0	254.4	247.3	247.3	-6.7

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