



RUBBER

July 17, 2007

SPOT MARKETS

Spot rubber made gains 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. The same trend was observed at international market in Bangkok; as prices were increased for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8240/ctl and traded between the range of Rs.8240 - 8510/ctl, before closing at Rs.8467/ctl, Rs.6 up by the previous close of Rs.8461/ctl. The volume of August contract traded increased drastically.

Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8257/ctl and traded between the range of Rs.8210 - 8429/ctl, before closing at Rs.8375/ctl, Rs.201 up by the previous close of Rs.8174/ctl. The volume as well as open interest of July contract traded increased drastically, 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 upward in neutral region. While stochastic is rising in overbought region. The volume of August contract traded increased drastically. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/07/16 - Daily B:8461.00 A:8467.00
O 8194.00 H 8510.00 L 8194.00 C 8467.00 V 2,342 T 84,670 I O +279



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8096	8272	8467	8586	8706
MCX July	8120	8265	8375	8484	8557

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8458- 8480 with a target at Rs. 8517 and then Rs. 8572 with a strict stop loss at Rs.8428.

Buy MCX July Rubber near Rs. 8368-8385 with a target at Rs. 7926 and then Rs. 8005 with a strict stop loss at Rs.7805. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		13.07.2007	16.07.2007	
Kottayam	RSS-4	8000	8150	+150
	RSS-5	7850	8000	+150
Cochin	RSS-4	8000	8150	+150
	RSS-5	7850	8000	+150



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		13.07.2007	16.07.2007	
Bangkok	RSS-3	8378	8411	+33
	RSS-4	8342	8374	+32
Kuala Lumpur	SMR-20	8095	8151	+56
	Latex (60%drc)	5205	5249	+44

INTERNATIONAL PRICES (AS OF JULY 13, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
July 2007	254.8	256.1	254.0	254.7	-0.1
August 2007	258.0	258.0	254.1	254.9	+0.4
September 2007	256.9	256.9	252.7	254.0	+0.7

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