

RUBBER

July 31, 2007

SPOT MARKETS

Rubber prices at Kottayam as well as in Cochin remain steady, for RSS-4 grade, while RSS-5 grade made a gain. The recent outbreak of diseases throughout the state, especially in districts like Kottayam, Pathanamthitta and Idukki, has made acute labour shortage. The casualties due to the disease are more serious in rubber growing areas because of the rise in the mosquito population with the onset of monsoon. According to estimates by farmers, at least 40 per cent of the laborers have been absent from work in the last few weeks.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8514/mtl and traded between the range of Rs.8514 - 8719/mtl, before closing at Rs.8675/mtl. Rs.161 up by the previous close of Rs.8514/mtl. The volume of August contract traded increased drastically, as compared to the previous trading session. Similar situation is observed in MCX Rubber August contract which is, opened at Rs.8450/mtl and traded between the range of Rs.8450-8570/mtl, before closing at Rs.8520/mtl, Rs.156 up by the previous close of Rs.8364/mtl. The volume of the August contract, increased 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. Firm demand from domestic users.
4. Quality problems with rubber stock.

Bearish:

1. Strong rupee; limiting the scope for export.
2. Excess stock of latex.

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 positive region; supporting the firmness 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, as compared to the previous trading session. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/07/30 - Daily B:8670.00 A:8675.00
O 8514.00 H 8719.00 L 8514.00 C 8675.00 V 1,288 T 86,750 I O +144
EMA(9) 8417.0 (18) 8280.0



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8559	8642	8675	8765	8847
MCX August	8375	8455	8520	8580	8642

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8668- 8690 with a target at Rs. 8715 and then Rs. 8762 with a strict stop loss at Rs.8648.

Buy MCX August Rubber near Rs. 8512-8530 with a target at Rs. 8542 and then Rs.8578 with a strict stop loss at Rs.8498. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		28.07.2007	30.07.2007	
Kottayam	RSS-4	8500	8500	-
	RSS-5	8300	8350	+50
Cochin	RSS-4	8500	8500	-
	RSS-5	8300	8350	+50



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		26.07.2007	27.07.2007	
Bangkok	RSS-3	8453	8494	+41
	RSS-4	8417	8458	+41
Kuala Lumpur	SMR-20	8352	8312	-40
	Latex (60%drc)	5316	5271	-45

INTERNATIONAL PRICES (AS OF JULY 30, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	257.1	259.3	255.8	259.3	+4.7
September 2007	258.9	259.9	256.3	258.7	+3.2
October 2007	257.5	260.5	256.6	260.4	+4.3

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