

# RUBBER

Agriwatch  
DAILY

## RUBBER

Aug 16, 2007

### SPOT MARKETS

Domestic spot rubber prices made sharp loss on Tuesday. Rubber prices at Kottayam as well as in Cochin remain low, for RSS-4 and RSS-5 grade. The same trend was observed, at international market in Bangkok; prices were decreased for RSS-3 and RSS-4 grade. Malaysia's rubber output is expected to improve slightly from last year as prices are on uptrend. From January to May, Malaysia produced 489,632 tonnes of natural rubber. Rubber prices are on an uptrend since mid-July; this is like an incentive for smallholders to tap their trees. It is expected that Malaysia will achieve rubber output of 1.2 million tonnes, if prices remain on the uptrend.

### FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8246/mtl and traded between the range of Rs.8125 - 8265/mtl, before closing at Rs.8225/mtl. Re.6 down by the previous close of Rs.8231/mtl. The volume of September contract traded decreased drastically, as compared to the previous trading session. While, MCX Rubber August contract, which is opened at Rs.9100/mtl and traded between the range of Rs.8920 - 9184/mtl, before closing at Rs.8970/mtl, Rs.34 down by the previous close of Rs.9004/mtl. The volume of the August contract, increased drastically, while open interest, decreased drastically, as compared to the previous trading session.

### PRICE DRIVERS

#### Bullish:

1. The monsoon to disrupt tapping and latex production.
2. Decline in Rubber output, due to viral fever gripping in rubber growing areas in Kerala.
3. Growing demand from tyre manufacturers.

#### Bearish:

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

### WEATHER

Rain/thundershowers are likely at most places over Kerala, north Telangana. Coastal Karnataka, Konkan & Goa, Lakshadweep, Andaman & Nicobar and other rubber growing areas. Isolated over the rest region outside Tamil. The weather is unfavorable for rubber tapping and latex production.

### TECHNICALS

Prices closed below 9-day EMA and, 18-day EMA indicating that short-term trend as well as intermediate-term trend remains bullish. MACD shows downtrend in positive region; supporting the firmness in the market. 9-day RSI is moving slightly downward in neutral region. Stochastic is declining in neutral region. The volume of September contract traded decreased drastically, as compared to the previous trading session. NMCE Rubber futures are likely to trade downward following a steady to weak opening.

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O 8246.00 H 8264.00 L 8125.00 C 8225.00 V 2,271 T 82,250 I 0 -25

EMA(9) 8452.3 (18) 8409.5



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8036	8128	8225	8306	8377
MCX August	8760	8873	8970	9174	9287

### TRADE RECOMMENDATIONS

Sell NMCE September Rubber near Rs. 8214 - 8232 with a target at Rs. 8184 and then Rs. 8132 with a strict stop loss at Rs.9264.

Sell MCX August Rubber near Rs. 8960 - 8978 with a target at Rs. 8928 and then Rs.8880 with a strict stop loss at Rs.9012. Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		13.08.2007	14.08.2007	
Kottayam	RSS-4	8925	8650	-275
	RSS-5	8725	8350	-375
Cochin	RSS-4	8900	8600	-300
	RSS-5	8675	8350	-325



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		10.08.2007	14.08.2007	
Bangkok	RSS-3	8665	8643	-22
	RSS-4	8630	8608	-22
Kuala Lumpur	SMR-20	8594	8453	-141
	Latex (60%drc)	5525	5500	-12

### INTERNATIONAL PRICES (AS OF AUGUST 14, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	249.9	249.9	248.4	248.8	-1.1
September 2007	250.6	250.6	248.7	248.9	-0.9
October 2007	250.7	251.0	249.0	249.2	-1.8

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