

RUBBER

Agriwatch
DAILY

RUBBER

Aug 20, 2007

SPOT MARKETS

Domestic spot rubber prices made a gain on Saturday. While on Friday, at international market in Bangkok; prices were decreased for RSS-3 and RSS-4 grade. A recent drier trend through southern Indonesia and less rain through Malaysia will help to improve conditions for operations and transportation. At the same time, the south India region is turning drier again. Asian spot rubber prices are lower, weighed by sharp decline on influential futures markets, although strong buying by Chinese tire manufacturers, tempted back into market as prices fall.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8087/ctl and traded between the range of Rs.8111 - 8254/ctl, before closing at Rs.8250/ctl. Rs.14 up by the previous close of Rs.8236/ctl. The volume of September contract traded decreased drastically, as compared to the previous trading session. While, MCX Rubber September contract, which is opened at Rs.8150/ctl and traded between the range of Rs.8150 - 8255/ctl, before closing at Rs.8214/ctl, Rs.121 up by the previous close of Rs.8093/ctl. The volume of September contract traded decreased marginally, while open interest decreased marginally, 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 tyer 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 bellow 9-day EMA and, 18-day EMA indicating that short-term trend as well as intermediate-term trend remains bearish. MACD shows downtrend in positive region; supporting the weakness in the market. 9-day RSI is moving upward in neutral region. Stochastic is slightly 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.

RUBBER 0709(NMRUBU7)2007/08/18 - Daily B:8232.00 A:8250.00
O 8087.00 H 8254.00 L 8087.00 C 8250.00 V 1,191 T 82,500 I O +163
EMA(9) 8292.2 (18) 8329.6



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8035	8131	8250	8308	8363
MCX September	8097	8157	8214	8305	8354

TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8242 - 8262 with a target at Rs. 8274 and then Rs.8300 with a strict stop loss at Rs.8228.

Buy MCX August Rubber near Rs. 8206 - 8225 with a target at Rs. 8254 and then Rs.8298 with a strict stop loss at Rs.8176. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		16.08.2007	17.08.2007	
Kottayam	RSS-4	8300	8050	-250
	RSS-5	8000	7775	-225
Cochin	RSS-4	8300	8050	-250
	RSS-5	8000	7775	-225



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		16.08.2007	17.08.2007	
Bangkok	RSS-3	8608	8599	-9
	RSS-4	8572	8563	-9
Kuala Lumpur	SMR-20	8314	8251	-63
	Latex (60%drc)	5480	5489	-9

INTERNATIONAL PRICES (AS OF AUGUST 17, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	229.6	233.7	229.2	229.7	-12.4
September 2007	233.0	236.5	232.9	232.9	-10.0
October 2007	235.4	236.5	233.3	233.3	-10.0

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