



RUBBER

Aug 18, 2007

SPOT MARKETS

Domestic spot rubber prices made sharp loss on Friday. 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.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8156/mt and traded between the range of Rs.7920 - 8113/mt, before closing at Rs.8087/mt. same that of previous close price. 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.8071/mt and traded between the range of Rs.7925 - 8120/mt, before closing at Rs.8081/mt, Rs.155 down by the previous close of Rs.8236/mt. 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 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 bearish. MACD shows downtrend in positive region; supporting the weakness in the market. 9-day RSI is moving 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.

RUBBER 0709(NMRUBU7)2007/08/17 - Daily B:8087.00 A:8090.00
O 8156.00 H 8156.00 L 7920.00 C 8087.00 V 2,040 T 80,870 I O -65
EMA(9) 8302.7 (18) 8339.0



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	7811	7960	8087	8191	8286
MCX September	7836	7985	8081	8168	8249

TRADE RECOMMENDATIONS

Sell NMCE September Rubber near Rs.8078 - 8095 with a target at Rs. 8024 and then Rs.7964 with a strict stop loss at Rs.8138.

Sell MCX August Rubber near Rs. 8072 - 8088 with a target at Rs. 8040 and then Rs.7990 with a strict stop loss at Rs.8118. 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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