

RUBBER

Aug 06, 2007

SPOT MARKETS

Rubber output in April - July 2007-08 is down 21 per cent to 185,150 tonnes, compared with the same period a year ago. While, Natural rubber consumption in April - July has risen slightly to 264,245 tonnes compared with 263,085 tonnes a year ago. Spot rubber made loss on Saturday. Rubber prices at Kottayam as well as in Cochin remain high, 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, as of August 03.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8924/mtl and traded between the range of Rs.8890- 8999/mtl, before closing at Rs.8990/mtl. Rs.8 up by the previous close of Rs.8982/mtl. The volume of August contract traded decreased drastically, as compared to the previous trading session.

Similar situation is observed in MCX Rubber August contract, which is opened at Rs.8820/mtl and traded between the range of Rs.8750 - 8900/mtl, before closing at Rs.8818/mtl, Rs.71 up by the previous close of Rs.8747/mtl. The volume of the August contract, increased marginally 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. Quality problems with rubber stock.
4. Down in rubber output due to, abnormal leaf-fall caused by fungus infection in certain rubber growing areas.

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

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 overbought region. Stochastic rising in overbought region. The volume of August contract traded decreased drastically, as compared to the previous trading session. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/08/04 - Daily B:8987.00 A:8990.00
O 8924.00 H 8999.00 L 8890.00 C 8990.00 V 900 T 89,900 I O +74
EMA(9) 8737.7 (18) 8527.1



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8850	8918	8990	9038	9079
MCX August	8677	8753	8818	8905	8990

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8982- 8998 with a target at Rs. 9008 and then Rs. 9035 with a strict stop loss at Rs.8972.

Buy MCX August Rubber near Rs. 8810-8828 with a target at Rs. 8852 and then Rs.8898 with a strict stop loss at Rs.8784. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		02.08.2007	03.08.2007	
Kottayam	RSS-4	8800	8950	+150
	RSS-5	8650	8750	+100
Cochin	RSS-4	8800	8925	+125
	RSS-5	8650	8750	+100



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		02.08.2007	03.08.2007	
Bangkok	RSS-3	8907	8972	+65
	RSS-4	8871	8936	+65
Kuala Lumpur	SMR-20	8577	8663	+86
	Latex (60%drc)	5430	5474	+44

INTERNATIONAL PRICES (AS OF AUGUST 03, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	261.0	263.3	260.2	260.3	+0.4
September 2007	262.0	263.3	260.4	260.7	+0.3
October 2007	262.4	263.3	260.0	260.7	--

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