



RUBBER

Aug 24, 2007

SPOT MARKETS

Domestic spot rubber prices made a gain on Wednesday. Rubber prices at Kottayam as well as in Cochin remain low, for RSS-4 and RSS-5 grade. On the other hand, at international market in Bangkok; prices were down for RSS-3 and RSS-4 grade. Production in Thailand and Malaysia is likely to increase due to better weather in the days and weeks ahead.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8499/ctl and traded between the range of Rs.8456 - 8575/ctl, before closing at Rs.8505/ctl. Rs.2 up by the previous close of Rs.8503/ctl. The volume of September contract traded decreased drastically, as compared to the previous trading session. While, MCX Rubber September contract, opened at Rs.8499/ctl and traded between the range of Rs.8425 - 8510/ctl, before closing at Rs.8460/ctl, Rs.82 up by the previous close of Rs.8378/ctl. The volume of September contract traded decreased drastically, 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 above 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 weakness in the market. 9-day RSI is moving upward in neutral region. Stochastic is rising 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 upward following a steady to firm opening.

RUBBER 0709(NMRUBU7)2007/08/23 - Daily B:8495.00 A:8508.00
O 8412.00 H 8575.00 L 8412.00 C 8505.00 V 1,554 T 85,050 I O +105
EMA(9) 8397.5 (18) 8379.2



SUPPORT / RESISTANCES

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| NMCE September | 8289 | 8358 | 8505 | 8582 | 8674 |
| MCX September | 8338 | 8405 | 8460 | 8514 | 8564 |

TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8498 - 8512 with a target at Rs. 8538 and then Rs.8578 with a strict stop loss at Rs.8472.

Buy MCX September Rubber near Rs. 8452 - 8470 with a target at Rs. 8485 and then Rs.8510 with a strict stop loss at Rs.8442. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

| Centers | Category | Price (Rs / 100kg) | | Change |
|----------|----------|--------------------|------------|--------|
| | | 22.08.2007 | 23.08.2007 | |
| Kottayam | RSS-4 | 8475 | 8500 | +25 |
| | RSS-5 | 8250 | 8300 | +50 |
| Cochin | RSS-4 | 8475 | 8500 | +25 |
| | RSS-5 | 8250 | 8300 | +50 |



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INTERNATIONAL PRICES

| Centers | Category | Price (Rs / 100kg) | | Change |
|--------------|----------------|--------------------|------------|--------|
| | | 22.08.2007 | 23.08.2007 | |
| Bangkok | RSS-3 | 8551 | 8476 | -75 |
| | RSS-4 | 8516 | 8440 | -76 |
| Kuala Lumpur | SMR-20 | 8313 | 8408 | +95 |
| | Latex (60%drc) | 5540 | 5597 | +57 |

INTERNATIONAL PRICES (AS OF AUGUST 23, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

| Contract Month | Open | High | Low | Settle | Change |
|----------------|-------|-------|-------|--------|--------|
| August 2007 | 235.5 | 237.1 | 234.6 | 235.4 | +4.4 |
| September 2007 | 236.9 | 238.7 | 236.9 | 237.7 | +3.3 |
| October 2007 | 237.6 | 238.9 | 237.3 | 238.3 | +3.7 |

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