



RUBBER

Sep 01, 2007

SPOT MARKETS

Domestic spot rubber prices made slight gain on Friday. Rubber prices at Kottayam as well as in Cochin remain high, for RSS-4 and RSS-5 grade. Same trend were observed, at international market in Bangkok; prices were up for RSS-3 and RSS-4 grade.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8917/qty and traded between the range of Rs.8815 - 9047/qty, before closing at Rs.8860/qty. Rs.3 down by the previous close of Rs.8863/qty. The volume of September contract traded decreased drastically, as compared to the previous trading session. While, MCX Rubber September contract opened at Rs.8899/qty and traded between the range of Rs.8665 - 8915/qty, before closing at Rs.8759/qty, Rs.83 down by the previous close of Rs.8842/qty. The volume of September contract traded decreased marginally, while open interest increased 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 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 weakness in the market. 9-day RSI is declining in neutral region. Stochastic is declining slightly in overbought region. The volume as 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)2007/08/31 - Daily B:8861.00 A:8868.00
O 8917.00 H 9047.00 L 8815.00 C 8860.00 V 1,529 T 88,600 I O -51
EMA(9) 8659.7 (18) 8549.9



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8687	8774	8860	9020	9137
MCX September	8529	8668	8759	8916	9040

TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8854 - 8868 with a target at Rs. 8876 and then Rs.9014 with a strict stop loss at Rs.8844.

Buy MCX September Rubber near Rs. 8752 - 8770 with a target at Rs. 8830 and then Rs.8912 with a strict stop loss at Rs.8702. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		30.08.2007	31.08.2007	
Kottayam	RSS-4	8750	8800	+50
	RSS-5	8500	8500	-
Cochin	RSS-4	8750	8800	+50
	RSS-5	8500	8500	-



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		30.08.2007	31.08.2007	
Bangkok	RSS-3	8697	8724	+27
	RSS-4	8660	8689	+29
Kuala Lumpur	SMR-20	8518	Close	—
	Latex (60%drc)	5673	Close	—

INTERNATIONAL PRICES (AS OF AUGUST 31, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
September 2007	246.6	249.8	245.9	248.6	+2.8
October 2007	245.7	249.3	245.4	248.4	+2.6
November 2007	246.0	249.0	245.5	248.5	+3.0

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