

RUBBER

Agriwatch
DAILY

RUBBER

Aug 22, 2007

SPOT MARKETS

Domestic spot rubber prices made a gain on Tuesday. 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; prices were decreased for RSS-3 and RSS-4 grade. In Thailand, ousted Prime Minister Thaksin Shinawatra promoted the expansion of rubber plantations by around 8% from 2004 to 2006 as prices rose. Thailand is now trying to keep plantation areas to 2.24 million hectares. China bought more than a quarter of Thai rubber exports last year when the country increased purchases by 30%.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8362/ql and traded between the range of Rs.8399 - 8611/ql, before closing at Rs.8591/ql. Rs.3 down by the previous close of Rs.8594/ql. The volume of September contract traded increased drastically, as compared to the previous trading session. On the other hand, MCX Rubber September contract, which is opened at Rs.8440/ql and traded between the range of Rs.8415 - 8577/ql, before closing at Rs.8577/ql, Rs.221 up by the previous close of Rs.8356/ql. 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 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 increased 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)2007/08/21 - Daily B:8591.00 A:8600.00
O 8362.00 H 8611.00 L 8362.00 C 8591.00 V 2,200 T 85,910 I O +228
EMA(9) 8363.3 (18) 8360.3



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8266	8428	8591	8683	8776
MCX September	8353	8463	8577	8633	8685

TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8584 - 8600 with a target at Rs. 8630 and then Rs.8678 with a strict stop loss at Rs.8558.

Buy MCX August Rubber near Rs. 8570 - 8588 with a target at Rs. 8598 and then Rs.8630 with a strict stop loss at Rs.8555. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		20.08.2007	21.08.2007	
Kottayam	RSS-4	8350	8500	+150
	RSS-5	8050	8250	+200
Cochin	RSS-4	8350	8500	+150
	RSS-5	8050	8250	+200



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		17.08.2007	21.08.2007	
Bangkok	RSS-3	8599	8694	+95
	RSS-4	8563	8657	+94
Kuala Lumpur	SMR-20	8251	8377	+126
	Latex (60%drc)	5489	5579	+90

INTERNATIONAL PRICES (AS OF AUGUST 21, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	234.9	235.5	234.3	235.5	+1.9
September 2007	235.8	238.2	235.2	237.3	+2.3
October 2007	235.3	238.0	235.3	237.6	+1.5

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