



RUBBER

Aug 02, 2007

SPOT MARKETS

Spot rubber made gain on Wednesday. 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.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8866/ctl and traded between the range of Rs.8710 - 8925/ctl, before closing at Rs.8747/ctl. Rs.119 down by the previous close of Rs.8866/ctl. 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.8650/ctl and traded between the range of Rs.8540 - 8719/ctl, before closing at Rs.8642/ctl, Rs.32 down by the previous close of Rs.8674/ctl. The volume of the August contract, decreased 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. Firm demand from domestic users.
4. Quality problems with rubber stock.

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 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 firmness in the market. 9-day RSI is moving downward in neutral region. While stochastic is rising in neutral 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)2007/08/01 - Daily B:8747.00 A:8749.00
O 8866.00 H 8925.00 L 8710.00 C 8747.00 V 2,084 T 87,470 I O -108
EMA(9) 8530.3 (18) 8358.2



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8597	8676	8747	8892	9021
MCX August	8455	8548	8642	8705	8828

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8740- 8758 with a target at Rs. 8805 and then Rs. 8884 with a strict stop loss at Rs.8682.

Buy MCX August Rubber near Rs. 8635-8654 with a target at Rs. 8668 and then Rs.8700 with a strict stop loss at Rs.8618. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		31.07.2007	01.08.2007	
Kottayam	RSS-4	8650	8725	+75
	RSS-5	8500	8550	+50
Cochin	RSS-4	8650	8725	+75
	RSS-5	8500	8550	+50



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		27.07.2007	01.08.2007	
Bangkok	RSS-3	8494	8876	+382
	RSS-4	8458	8840	+382
Kuala Lumpur	SMR-20	8312	8542	+230
	Latex (60%drc)	5271	5376	+105

INTERNATIONAL PRICES (AS OF JULY 30, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	261.3	262.8	257.7	257.7	-2.6
September 2007	262.5	262.7	257.0	257.0	-2.9
October 2007	262.9	263.6	256.9	256.9	-4.1

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