

## RUBBER

Aug 04, 2007

### SPOT MARKETS

According to Rubber Board, due to heavy rains and an outbreak of fever in the rubber-growing regions of Kerala, India's natural rubber output slipped 39 per cent to 40,000 tonnes in July compared with the same period a year ago. Spot rubber made gain on Friday. 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.8929/ctl and traded between the range of Rs.8880 - 9000/ctl, before closing at Rs.8916/ctl. Rs.13 down by the previous close of Rs.8929/ctl. The volume of August contract traded increased marginally, as compared to the previous trading session. Similar situation is observed in MCX Rubber August contract, which is opened at Rs.8751/ctl and traded between the range of Rs.8732 - 8965/ctl, before closing at Rs.8732/ctl, Rs.57 down by the previous close of Rs.8789/ctl. The volume of the August contract, decreased drastically 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 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 slightly downward in overbought region. Stochastic rising in overbought region. The volume of August contract traded increased marginally, as compared to the previous trading session. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/08/03 - Daily B:8916.00 A:8925.00  
O 8955.00 H 9000.00 L 8880.00 C 8917.00 V 1,643 T 89,170 I O -33  
EMA(9) 8689.4 (18) 8492.8



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8798	8859	8916	9003	9048
MCX August	8575	8670	8732	8886	9042

### TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8908- 8928 with a target at Rs. 8950 and then Rs. 8996 with a strict stop loss at Rs.8884.

Buy MCX August Rubber near Rs. 8724-8740 with a target at Rs. 8797 and then Rs.8878 with a strict stop loss at Rs.8662. 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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