

# RUBBER

Agriwatch  
DAILY

## RUBBER

Aug 03, 2007

### SPOT MARKETS

Spot rubber made gain on Thursday. 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. As a result of adverse effect of viral fever, the monthly production has fallen to 45,000 tonnes from 55,000 tonne in May-July. However the supply has not ceased completely due to the carryover stock, which stood at 145,000 tonnes at the end of June.

### FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.8740/ctl and traded between the range of Rs.8740 - 8959/ctl, before closing at Rs.8950/ctl. Rs.210 up by the previous close of Rs.8740/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.8700/ctl and traded between the range of Rs.8631 - 8817/ctl, before closing at Rs.8817/ctl, Rs.186 up by the previous close of Rs.8631/ctl. The volume of the August contract, increased 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. 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 upward in overbought region. Stochastic also rising in overbought 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)2007/08/02 - Daily B:8930.00 A:8950.00  
O 8740.00 H 8959.00 L 8740.00 C 8950.00 V 1,623 T 89,500 I O +203  
EMA(9) 8614.2 (18) 8420.5



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	8664	8803	8950	9024	9104
MCX August	8575	8700	8817	8894	8948

### TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 8942- 8960 with a target at Rs. 8980 and then Rs. 9020 with a strict stop loss at Rs.8922.

Buy MCX August Rubber near Rs. 8810-8828 with a target at Rs. 8840 and then Rs.8888 with a strict stop loss at Rs.8790. Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		01.08.2007	02.08.2007	
Kottayam	RSS-4	8725	8800	+75
	RSS-5	8550	8650	+100
Cochin	RSS-4	8725	8800	+75
	RSS-5	8550	8650	+100



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		01.08.2007	02.08.2007	
Bangkok	RSS-3	8876	8907	+31
	RSS-4	8840	8871	+31
Kuala Lumpur	SMR-20	8542	8577	+35
	Latex (60%drc)	5376	5430	+54

### INTERNATIONAL PRICES (AS OF AUGUST 02, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	258.2	260.4	258.0	259.9	+2.2
September 2007	258.9	261.0	257.6	260.4	+3.4
October 2007	260.0	260.7	257.5	260.7	+3.8

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