



RUBBER

Aug 08, 2007

SPOT MARKETS

Domestic spot rubber made gain on Tuesday. Rubber prices at Kottayam as well as in Cochin remain high, for RSS-4 and RSS-5 grade. On the other hand, at international market in Bangkok; prices were decreased for RSS-3 and RSS-4 grade. International prices are ruling below the Indian spot prices. With no tapping till now in the current year, production is expected to come down by over a lakh tonnes against estimated production of 8.74 lakh tonnes, projected by the Rubber Board for the current year.

FUTURES MARKETS

NMCE Rubber August contract, opened at Rs.9341/mtl and traded between the range of Rs.9301 - 9560/mtl, before closing at Rs.9470/mtl. Rs.129 up by the previous close of Rs.9341/mtl. The volume of August contract traded increased drastically, as compared to the previous trading session. Similar situation is observed in MCX Rubber August contract, which is opened at Rs.9170/mtl and traded between the range of Rs.9050 - 9302/mtl, before closing at Rs.9282/mtl, Rs.160 up by the previous close of Rs.9122/mtl. The volume of the August contract, increased drastically 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. Down in rubber output due to, abnormal leaf-fall caused by fungus infection in certain areas.
4. 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

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 is also rising in overbought region. The volume of August contract traded increased drastically, as compared to the previous trading session. Rubber futures are likely to trade upward following a steady to firm opening.

RUBBER 0708(NMRUBQ7)2007/08/07 - Daily B:9457.00 A:9470.00
O 9341.00 H 9560.00 L 9301.00 C 9470.00 V 1,709 T 94,700 I O +129
EMA(9) 8988.1 (18) 8717.4



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE August	9196	9303	9470	9605	9702
MCX August	8965	9122	9282	9384	9476

TRADE RECOMMENDATIONS

Buy NMCE August Rubber near Rs. 9460 - 9482 with a target at Rs. 9526 and then Rs. 9592 with a strict stop loss at Rs.9422.

Buy MCX August Rubber near Rs. 9274 - 9294 with a target at Rs. 9326 and then Rs.9378 with a strict stop loss at Rs.9246. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		06.08.2007	07.08.2007	
Kottayam	RSS-4	9050	9250	+200
	RSS-5	8850	9000	+150
Cochin	RSS-4	9050	9250	+200
	RSS-5	8850	9000	+150



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		06.08.2007	07.08.2007	
Bangkok	RSS-3	8947	8873	-74
	RSS-4	8912	8838	-74
Kuala Lumpur	SMR-20	8658	8784	+126
	Latex (60%drc)	5483	5548	+65

INTERNATIONAL PRICES (AS OF AUGUST 07, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	256.5	258.2	255.0	255.0	-1.7
September 2007	257.1	258.5	255.0	255.3	-1.9
October 2007	258.1	258.9	255.0	255.8	-1.6

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