

RUBBER

Aug 21, 2007

SPOT MARKETS

Domestic spot rubber prices made a sharp gain on Monday. Rubber prices at Kottayam as well as in Cochin remain high, for RSS-4 and RSS-5 grade. Current year rubber exports from Thailand, the world's biggest producer, will expected to rise at the fastest pace in five years as production outpaces local demand. The country plans to ship 3.1 million tonnes of the commodity this year, 12% more than in 2006, while it would probably rise to 3.5 million tonnes in 2008. Thailand's production will probably climb 11% to 3.5 million tonnes this year from 3.14 million last year, and reach 3.9 million tonnes in 2008.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8236/mtl and traded between the range of Rs.8236 - 8400/mtl, before closing at Rs.8363/mtl. Rs.1 up by the previous close of Rs.8362/mtl. The volume of September contract traded increased drastically, as compared to the previous trading session. While, MCX Rubber September contract, which is opened at Rs.8250/mtl and traded between the range of Rs.8250 - 8450/mtl, before closing at Rs.8351/mtl, Rs.137 up by the previous close of Rs.8214/mtl. The volume of September contract traded 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. 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 slightly 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)2007/08/20 - Daily B:8363.00 A:8364.00
O 8236.00 H 8400.00 L 8236.00 C 8363.00 V 1,690 T 83,630 I O +113
EMA(9) 8306.4 (18) 8333.1



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8164	8239	8363	8448	8503
MCX September	8153	8266	8351	8455	8575

TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8354 - 8375 with a target at Rs. 8395 and then Rs.8445 with a strict stop loss at Rs.8332.

Buy MCX August Rubber near Rs. 8344 - 8362 with a target at Rs. 8392 and then Rs.8452 with a strict stop loss at Rs.8310. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		17.08.2007	20.08.2007	
Kottayam	RSS-4	8050	8350	+300
	RSS-5	7775	8050	+275
Cochin	RSS-4	8050	8350	+300
	RSS-5	7775	8050	+275



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		16.08.2007	17.08.2007	
Bangkok	RSS-3	8608	8599	-9
	RSS-4	8572	8563	-9
Kuala Lumpur	SMR-20	8314	8251	-63
	Latex (60%drc)	5480	5489	-9

INTERNATIONAL PRICES (AS OF AUGUST 20, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	232.7	235.4	229.7	233.6	+3.9
September 2007	234.4	236.2	233.2	235.0	+2.1
October 2007	234.5	237.4	234.5	236.1	+2.8

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