



RUBBER

Aug 28, 2007

SPOT MARKETS

Domestic spot rubber prices made gain on Saturday. Recent drier trend through southern Indonesia will help improve conditions for operations and transportation in rubber plantations. While, shower activity has recently increased again through Malaysia. This is considered favorable as it maintains moisture for the trees. Tapping delays were observed in Thailand, Malaysia.

FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8473/qty and traded between the range of Rs.8499 - 8598/qty, before closing at Rs.8551/qty. Rs.5 down by the previous close of Rs.8556/qty. The volume of September contract traded increased drastically, as compared to the previous trading session. On the other hand, MCX Rubber September contract opened at Rs.8475/qty and traded between the range of Rs.8475 - 8570/qty, before closing at Rs.8510/qty. Rs.61 up by the previous close of Rs.8449/qty. The volume of September contract traded increased drastically, while the open interest increased 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 slight downtrend in positive region; supporting the weakness in the market. 9-day RSI is rising in neutral region. Stochastic is 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)2007/08/27 - Daily B:8551.00 A:8559.00
O 8473.00 H 8598.00 L 8473.00 C 8551.00 V 600 T 85,510 I O +76
EMA(9) 8450.4 (18) 8413.1



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8404	8476	8551	8605	8672
MCX September	8407	8465	8510	8572	8615

TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8545 - 8560 with a target at Rs. 8574 and then Rs.8600 with a strict stop loss at Rs.8530.

Buy MCX September Rubber near Rs. 8503 - 8518 with a target at Rs. 8536 and then Rs.8570 with a strict stop loss at Rs.8485. Trade cautiously with intra day outlook.

DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		23.08.2007	24.08.2007	
Kottayam	RSS-4	8500	8500	--
	RSS-5	8300	8300	--
Cochin	RSS-4	8500	8500	--
	RSS-5	8300	8300	--



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INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		23.08.2007	24.08.2007	
Bangkok	RSS-3	8476	8486	+10
	RSS-4	8440	8450	+10
Kuala Lumpur	SMR-20	8408	8367	-41
	Latex (60%drc)	5597	5574	-23

INTERNATIONAL PRICES (AS OF AUGUST 27, 2007)

Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
August 2007	236.0	236.0	236.0	236.0	+0.3
September 2007	238.5	241.5	238.1	240.5	+4.5
October 2007	240.0	241.2	238.3	240.4	+3.8

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