



## RUBBER

Sep 04, 2007

### SPOT MARKETS

Domestic spot rubber prices made slight gain on Monday. Rubber prices at Kottayam as well as in Cochin remain high, for RSS-4 and RSS-5 grade. Same trend were observed, at international market in Bangkok; prices were up for RSS-3 and RSS-4 grade. Natural rubber futures in Tokyo, the global benchmark, rose to the highest in more than three weeks as rain slowed production in Thailand, the world's largest exporter of the commodity. Thai shippers are offering so-called RSS-3 grade rubber for November shipment at \$2.15 a kilogram, up 1.4 percent from \$2.12 a kilogram a week earlier.

### FUTURES MARKETS

NMCE Rubber September contract, opened at Rs.8924/qty and traded between the range of Rs.8958 - 9060/qty, before closing at Rs.8970/qty. Rs.4 down by the previous close of Rs.8974/qty. The volume of September contract traded increased drastically, as compared to the previous trading session. While, MCX Rubber September contract opened at Rs.8873/qty and traded between the range of Rs.8812 - 8910/qty, before closing at Rs.8812/qty, Rs.30 up by the previous close of Rs.8782/qty. The volume of September contract traded increased drastically, while open interest increased marginally, as compared to the previous trading session.

### PRICE DRIVERS

#### Bullish:

1. The monsoon to disrupt tapping and latex production in India, Thailand and Malaysia.
2. Decline in Rubber output, due to viral fever gripping in rubber growing areas in Kerala.
3. Growing demand from tyre manufacturers.
4. low production season in Indonesia

#### 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 uptrend in positive region; supporting the weakness in the market. 9-day RSI is rising in overbought region. Stochastic is rising slightly in overbought region. The volume as 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.

### NMCE Rubber September Contract

RUBBER 0709(NMRUBU7)2007/09/03 - Daily B:8969.00 A:8974.00  
O 8924.00 H 9060.00 L 8970.00 C 8970.00 V 1,504 T 89,700 I O +50  
EMA(9) 8763.4 (18) 8629.0



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NMCE September	8853	8916	8970	9044	9116
MCX September	8746	8781	8812	8913	8967

### TRADE RECOMMENDATIONS

Buy NMCE September Rubber near Rs.8964 - 8978 with a target at Rs. 9000 and then Rs.9042 with a strict stop loss at Rs.8945.

Buy MCX September Rubber near Rs. 8806 - 8820 with a target at Rs. 8854 and then Rs.8908 with a strict stop loss at Rs.8775. Trade cautiously with intra day outlook.

### DOMESTIC RUBBER PRICES

Centers	Category	Price (Rs / 100kg)		Change
		31.08.2007	03.09.2007	
Kottayam	RSS-4	8800	8850	+50
	RSS-5	8500	8550	+50
Cochin	RSS-4	8800	8850	+50
	RSS-5	8500	8550	+50



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### INTERNATIONAL PRICES

Centers	Category	Price (Rs / 100kg)		Change
		31.08.2007	03.09.2007	
Bangkok	RSS-3	8724	8740	+16
	RSS-4	8689	8704	+15
Kuala Lumpur	SMR-20	Close	8513	-
	Latex (60%drc)	Close	5695	-

### INTERNATIONAL PRICES (AS OF SEPTEMBER 03, 2007)

#### Tokyo Commodity Exchange (TOCOM)

Yen / kg

Contract Month	Open	High	Low	Settle	Change
September 2007	250.9	251.8	250.6	251.8	+3.2
October 2007	250.4	252.3	249.5	251.0	+2.6
November 2007	250.1	252.5	249.1	251.0	+2.5

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