

Domestic and Export Trade:

Domestic Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		14.3.2014	7.3.2014	
Kottayam	RSS-4	14800	14650	150
	RSS-5	14500	14500	Unch
	ISNR-20	14300	14350	-50
	Latex (60% drc)	11155	11575	-420
Cochin	RSS-4	14800	14650	150
	RSS-5	14500	14500	Unch

The domestic rubber prices featured mixed tone in various markets as it was looking for a direction during the week in review.

The RSS-4 edged up 1% compared to the previous week, RSS-5 remained flat, ISNR-20 fell marginally, while Latex-60% drc declined by 3.6% during the week in review.

Overall, the traded volume remained week due to the absence of genuine buyers and sellers in the physical market.

Besides, the traders in Kerala are looking forward for the procurement progress to get in full swing, as the state government promised to intervene the market if the prices fall below specified level.

India's natural rubber imports in February 2014 doubled to 18,141 tonnes to meet the tyre manufacturer's demand. It was already estimated that India will import around 30,000 tonnes during January-March mainly from Indonesia. Hence, the prices are expected to remain under pressure in near-term.

Reports of severe dry weather in Malaysia, Indonesia and Thailand and talks of possible El Nino this year is expected to gradually push up the NR prices. Malaysia, Indonesia and Thailand produce almost 70% of the global natural rubber.

However, sluggish trade activity is expected in the domestic market with buyers and sellers in wait and watch situation in near-term.

International Development and Impact:

The natural rubber extended gains primarily due to severe dry weather conditions in Thailand, Indonesia and Malaysia, which will consequently negatively affect the rubber production in the major producing belt.

However, political unrest and concern over the China's economy weigh on the rubber prices during the week review.

An excessively dry wintering season this year is negatively affecting the natural rubber production in Thailand, Indonesia and Malaysia, with a likely fall by 6%-8% this year, said the International Rubber Consortium.

The Association of Natural Rubber Producing Countries meanwhile has estimated a rise of 6.7% in Malaysia's annual rubber production, while February production in all three International Tripartite Rubber Council countries also increased. The association did not provide 2014 forecast for the annual output from Thailand and Indonesia.

In the statement International Rubber Consortium added in the statement that it is setting up a committee to boost consumption of natural rubber. It will also work with the ANRPC to "address the issue of statistical discrepancies."

International Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		14.3.2014	7.3.2014	
Bangkok	RSS-1	14319	13992	327
	RSS-2	14206	13878	328
	RSS-3	14102	13774	328
	RSS-4	14046	13717	329
	RSS-5	13961	13631	330
	SMR-20	-	-	-
	Latex (60% drc)	-	-	-
Kuala Lumpur	RSS-1	-	-	-
	SMR-20	12041	11983	58
	Latex (60% drc)	9300	9252	48

Besides, recovery in crude this week is still a positive sign for international rubber.

The international rubber prices are likely to recover on the aforesaid factors.

Outlook and Recommendation:

Spot: The domestic prices are likely to recover in coming weeks due to lower production and expected bullish global supply scenario followed by sever dry weather and talks of possible El Nino this season affecting the NR production in the major Asian producing region/countries.

Tug of War

Bulls	Bears
Crude oil, WTI, hovering around US \$ 100 a barrel.	Weak underlying current in Indian market.
Talks of possible El Nino this year. Severe dry weather in Thailand, Indonesia and Malaysia.	Disappointing set of manufacturing figures from China.
India's natural rubber production in February fell to 60,000 tonnes from 62,000 tonnes a year ago.	-
Weak Japanese Yen against US dollar.	-
Currently NR is in low production period due to wintering season in major producing countries.	-

RUBBER – Technical Outlook
NMCE-Futures
Technical Commentary:

- Candlestick chart pattern reveals side-ways movement market seems looking for a direction.
- In the weekly chart, prices closed below 9-day and 18-day EMA, indicating weak tone in near-term.
- Further, MACD is easing in negative territory.
- RSI is easing in the neutral region and stochastic are falling in neutral zone, indicating weakness.

The rubber prices are likely to ease during the week.



Strategy: Sell on rise.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Rubber	NMCE	Apr	14774	14454	15305	15595	15900
Intraday Trade Call			Call	Entry	T1	T2	SL
Rubber	NMCE	Apr	SELL	Below 15300	15000	14900	15480

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>