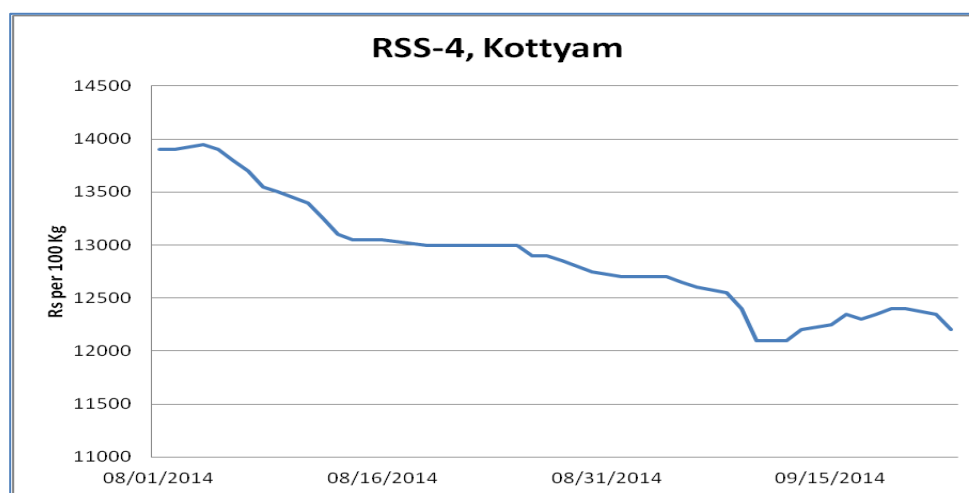


Domestic and Export Trade:

Domestic Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		19.9.2014	12.9.2014	
Kottayam	RSS-4	12400	12100	300
	RSS-5	11700	11500	200
	ISNR-20	10400	10200	200
	Latex (60% drc)	8735	8630	105
Cochin	RSS-4	12300	12100	200
	RSS-5	11700	11500	200



The domestic natural rubber (NR) prices quoted slightly up during the week on buying from major consuming centers. However, over supply against need based demand limit the excessive gains.

Comfortable NR stocks with the major manufactures followed by improved imports in recent months weigh on the rubber prices. The largest consumer – tyre manufacturers are consistently importing the NR owing to lower international prices as well as the better quality as compared to the domestic produce.

Kerala state government has urged the central government to raise the import tariff on natural rubber (NR) to control imports due to falling trend in the domestic rubber price.

To support rubber farmers, the state government, through subsidiaries, has been procuring rubber at Rs 2 per kilo mark-up over the market price identified by Rubber Board.

India's imports, in March alone, surged 144% over the same period last year. In March 2013, NR imports totalled a mere 9,921 tonne against 24,196 tonne in March 2014.

Reportedly, for the first time in 2013-14, India's NR imports registered above the 300,000-tonne. From 217,364 tonne in 2012-2013, NR imports surged to 324,467 tonne, a rise in imports over 1 lakh tonnes.

Besides, concern over Chinese economy continues to pressure the rubber market. China is the largest NR consumer and the importer.

Concern over Chinese economy, weakness in benchmark Tokyo rubber futures and falling crude oil prices weight on the NR prices in short-term. Thailand, the world's largest rubber producer and exporter, have entered the dry season, when rubber trees shed their leaves and stop producing latex/rubber which eventually lead in lower supplies in the world market.

International Development and Impact:

The natural rubber prices extended losses on demand concern from China owing to its worries over economic growth. The NR in benchmark Tokyo rubber futures TOCOM witnessed huge fall in last couple of weeks, and it is under pressure.

Benchmark TOCOM rubber futures marked a seven year low followed by weaker-than-expected macroeconomic data from China.

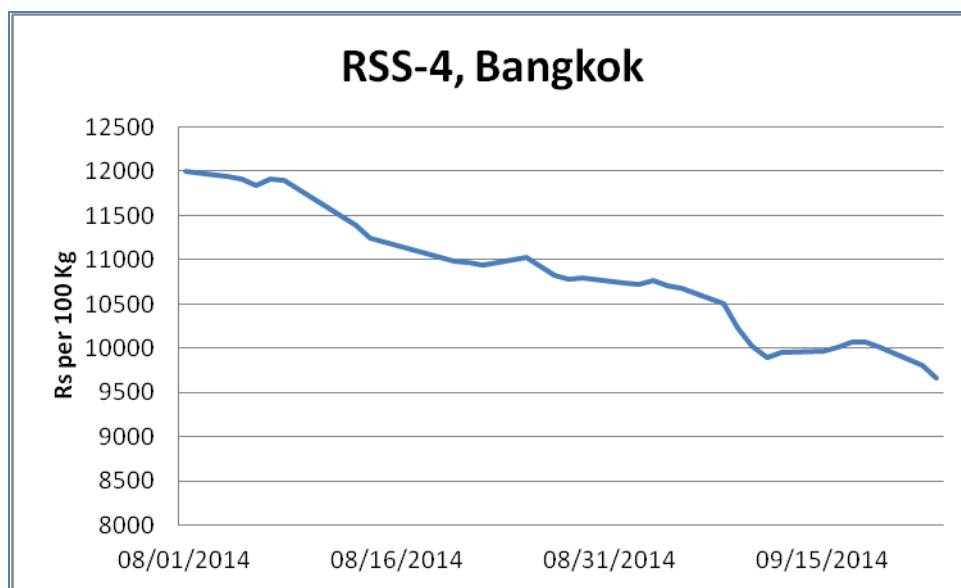
The situation is bleak for global commodity market as well with the rubber due to oversupply.

Currently, the global supply of NR is higher as compared to the demand. Even temporary reduction in exports is unlikely to boost the prices concluded in a conference by the members of the natural rubber producing countries held in Kuala Lumpur.

It is estimated that the market will be with surplus of 78% of NR in 2014 (652000 metric tons in 2014 v/s 366000 metric tons in 2013) as demand growth is falling and outturn in Thailand surpasses forecasts. Overall fundamentals for rubber is weak.

International Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		19.9.2014	12.9.2014	
Bangkok	RSS-1	10290	10221	69
	RSS-2	10177	10108	69
	RSS-3	10073	10004	69
	RSS-4	10016	9947	69
	RSS-5	9931	9861	70
	SMR-20	-	-	-
	Latex (60% drc)	-	-	-
Kuala Lumpur	RSS-1	-	-	-
	SMR-20	9332	9268	64
	Latex (60% drc)	7477	7529	-52



Outlook and Recommendation:

Spot: The domestic prices are likely to feature steady to weak tone on bearish underlying factors. Higher supplies and China's demand concern will remain a bearish factor, but talks of possible El Nino may hit the supply in the major producing regions of Thailand, Indonesia and Malaysia which may limit the losses in the international physical natural rubber in coming weeks.

Import Parity/Disparity in Rubber:

Bhat into INR	Bangkok (FOB Price-Baht/kg) into INR	Insurance Rs/kg	Frieght in INR/kg (@USD55/tonne)	Import Duty RS/kg	Landed Cost/Kg
1.86	135.59	0.68	3.31	27.11	166.69
				RSS 4 Price in India	145
				Parity/Disparity	-21.7

FOB Bangkok (Price in Bhat/kg)

Comparative Period	Ribbed Smoked Sheet					Standard Thai Rubber				Latex
	RSS 1	RSS 2	RSS 3	RSS 4	RSS 5	STR 5L	STR 5	STR 10	STR 20	Latex
	Bangkok (FOB Price-Baht/Kg)									
9/19/2014	54.45	53.85	53.3	53	52.55	52.4	50.5	49.8	49.4	39.55
9/12/2014	53.95	53.35	52.8	52.5	52.05	51.9	50	49.3	48.9	39.35
9/12/2013	81.1	80.5	79.95	79.65	79.2	76.9	75	74.3	73.9	51.45

Currency

Currency	9/19/2014	9/12/2014
USD	60.8	60.84
Euro	78.46	78.64
Yen	55.73	56.74
Pound Sterling	100.06	98.72
Bhat	1.89	1.89

Tug of War

Bulls	Bears
Thailand, the world's largest rubber producer and exporter, has entered the dry season, when rubber trees shed their leaves and stop producing latex/rubber.	Weak underlying current in Indian market. Higher imports in previous months.
Currently NR is in low production period due to wintering season in major producing countries.	Disappointing set of manufacturing figures from China.
Talks of possible El Nino this year. Severe dry weather in Thailand, Indonesia and Malaysia.	Benchmark TOCOM rubber futures marked a seven year low amid weaker-than-expected macroeconomic data from China.
	Falling trend in crude oil prices.

RUBBER – Technical Outlook
NMCE-Futures
Technical Commentary:

- The rubber prices are downtrend and they fell consecutive three week.
- 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 and stochastic are falling in neutral zone, indicating further losses.

The rubber prices are likely to ease during the week.

RUBBER 1410(NMRUBV4)2014/09/21 - Weekly

SMA(9) 12626 (18) 13325 (50) 13325


Strategy: Sell on rise.

Intraday Supports & Resistances			S1	S2	PCP	R1	R2
Rubber	NMCE	Oct	11200	10800	12060	12240	12292
Intraday Trade Call			Call	Entry	T1	T2	SL
Rubber	NMCE	Oct	SELL	Below 12060	11800	11700	12162

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