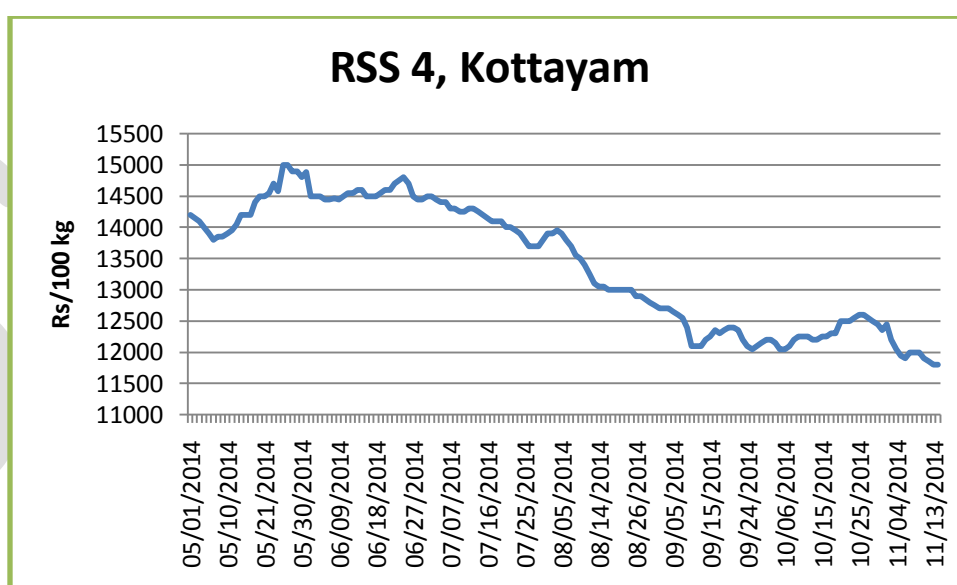


## Domestic and Export Trade:

### Domestic Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		21.11.2014	14.11.2014	
Kottayam	RSS-4	11750	11800	-50
	RSS-5	11300	11300	Unch
	ISNR-20	10150	10500	-350
	Latex (60% drc)	8350	7610	740
Cochin	RSS-4	11700	11750	-50
	RSS-5	11250	11300	-50



The domestic natural rubber (NR) prices continued downtrend (near 5 year low) on demand concern and increasing rubber imports in recent months. Besides, bearish global factors primarily weakness in crude oil continued to pressure the natural rubber in domestic cash markets.

According to Rubber Board, India's natural rubber imports in October increased by 27.7% from a year ago to 36,865 tonnes while consumption in the month rose nearly 2 percent on year to 83,000 tonnes. The higher imports is attributed to demand from tyre manufacturers

The country's production in the month declined 32.6% on year to 58,000 tonnes as some farmers skipped tapping after prices fell to their lowest level in five years.

Subdued demand is pressurizing the India rubber prices. Further there is a disparity between the domestic and international markets.

The growers were reluctant to resume tapping for lower prices and they are switching to more lucrative crops like coffee, cocoa and nutmeg.

Besides, sharp fall in crude oil prices continued to contribute negative impact on the industry. Lower crude oil prices translate to cheap availability in synthetic rubber which eventually affects the demand in natural rubber will be hurt.

Again, concern over Chinese economy, weakness in benchmark Tokyo rubber futures and sharp fall in crude oil prices weight on the NR prices in short-term.

### International Development and Impact:

#### International Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		21.11.2014	14.11.2014	
Bangkok	RSS-1	10387	10580	-193
	RSS-2	10274	10467	-193
	RSS-3	10170	10364	-194
	RSS-4	10113	10308	-195
	RSS-5	10028	10223	-195
	SMR-20	-	-	-
	Latex (60% drc)	-	-	-
Kuala Lumpur	RSS-1	-	-	-
	SMR-20	9521	9553	-32
	Latex (60% drc)	7335	7604	-269

Crude rubber inventories at Japanese ports stood at 10,394 tonnes as of Nov. 10, down 4.7 pct from 10 days earlier, data from the Rubber Trade Association of Japan showed on Thursday.

Thin supplies in NR and efforts by the Thailand, Indonesia and Malaysia the key rubber producers to keep the NR prices stable which fell in previous weeks remained supportive for the market, for short-term.

Further, heavy flood in Nakhon Si Thammarat province located at Southern Part of Thailand has hit 240,000 ha of natural rubber plantation. The province is the third largest rubber producing area in the Thailand.

Farmers failed to tap rubber trees as parts of the trees were submerged in the water.

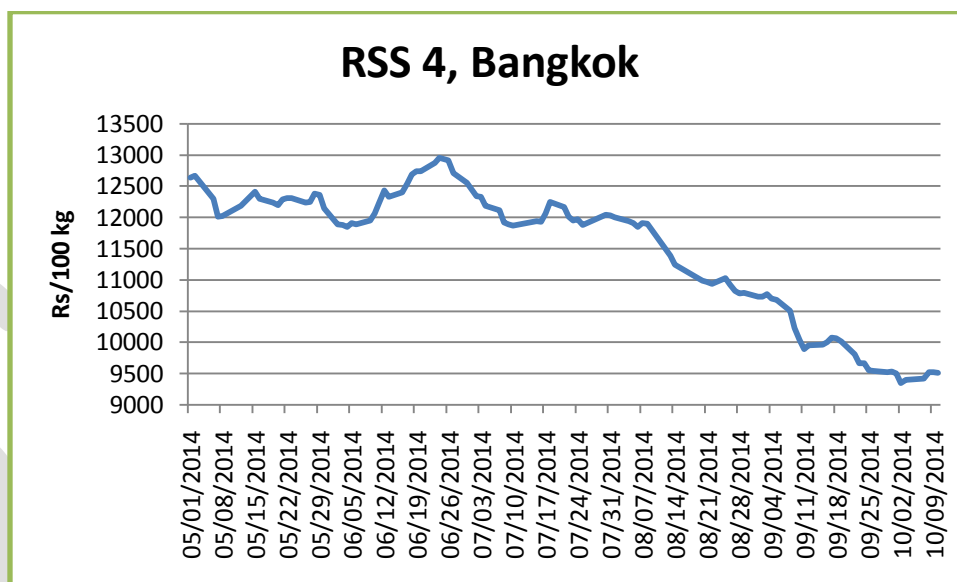
Further, delay in the planned sales tax hike in Japan, besides ringgit strengthening against the US dollar kept the International rubber prices strong.

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 are weak.



#### Outlook and Recommendation:

**Spot:** The domestic prices are likely to remain under pressure on global pressure followed by sharp fall in crude oil prices and bearish underlying factors. Higher imports by India and steady demand will limit the gains. However, reduction in production by the tripartite council may support the upward movement in the prices 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
1.88	103.3	0.52	3.40	20.66	127.88
			<b>RSS 4 Price in India</b>		191.41
			<b>Parity/Disparity</b>		<b>63.53</b>

**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)									
11/21/2014	54.95	54.35	53.8	53.5	53.05	53.05	51.15	50.45	50.05	39.05
11/14/2014	56.4	55.8	55.3	55.0	54.5	54.25	52.35	51.65	51.25	40.30
11/21/2013	85.05	84.45	83.9	83.6	83.15	78.55	76.65	75.95	75.55	52.55

**Currency**

Currency	11/21/2014	11/14/2014
USD	61.85	61.64
Euro	77.62	76.69
Yen	52.53	55.04
Pound Sterling	97.01	96.54
Bhat	1.88	1.88

**Tug of War**

Bulls	Bears
Flooding in key producing provinces in Thailand has hit the tapping and the rubber plantation.	Declining trend in crude oil prices.
The rubber council (International Tripartite Rubber Council) had to cut the annual rubber output of each member state by 300,000 tons, to keep the prices stable.	Demand concern due to disappointing set of manufacturing and economy figures from China.
Delay in the planned sales tax hike in Japan, besides ringgit strengthening against the US dollar kept the International rubber prices strong.	Benchmark TOCOM rubber futures marked a seven year low amid weaker-than-expected macroeconomic data from China.
Rubber prices from Tokyo to Thailand and Singapore have rebounded after touching their lowest levels in more than five years in October as producer groups pledged to refrain from selling below \$1.50 a kilogram.	

## RUBBER – Technical Outlook

## NMCE-Futures

### Technical Commentary:

- Candlestick chart pattern reveals selling pressure in the market.
- In the weekly chart, prices closed above 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 fall.

***The rubber prices are likely to ease during the week.***



**Strategy: Sell on rise.**

### Intraday Supports & Resistances

			S1	S2	PCP	R1	R2
Rubber	NMCE	Dec	10799	9654	11640	12180	12520
Intraday Trade Call			Call	Entry	T1	T2	SL

Rubber	NMCE	Dec	<b>SELL</b>	Below 11640	11400	11200	11784
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