



6-Jun-11

TECHNICAL RECOMMENDATION

Commodity	Contract	S3	S2	S1	Close	R1	R2	R3	Recommendations
NMCE	Jun-11	20360	20955	21862	23364	23959	24866	20360	Buy at 22500-450 TP 23100/23420 Strict SL 22000.
TOCOM	Oct-11	394	400	408	422	429	437	394	Buy at 408-405 TP 432 then 450 SL 385

REVIEW AND OUTLOOK

June delivery rubber futures on NMCE witnessed smart recovery on fresh buying at lower levels during the week ended on June 4th. Futures started the day on higher note on short covering wiping out all the previous losses. Emergence of fresh demand from end-users pushed the prices. Spot markets also resumed the uptrend on reduced supply due to decline in tapping activity supported the prices. Spot market witnessed a smart recovery of ₹1100 per quintal during the week. TOCOM and Shanghai rubber futures also continued the bullish trend on reduced supply from Major producing countries. Thai rubber market also witnessed firm trend due to heavy rainfall in key rubber producing areas of Thailand disrupted latex tapping process last week. However, domestic futures took decent corrections on profit selling in middle of the week. Nonetheless, lack of active tapping activity with the onset of monsoon limited the losses and futures ended the week on positive note gaining 4.96% W/W.

NMCE (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	21551	23053	21551	22794	4.96	10048	-3.87	3489	19.49%
Jul-11	22249	23543	22249	23295	5.17	15424	57.74	1517	-28.44%
Aug-11	22259	23276	22259	23250	6.02	110	-21.99	189	-27.59%

TOCOM (JPY/Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	419.00	424.70	412.10	422.6	0.96	315	-37.13	1126	-10.06
Aug-11	411.70	421.00	406.60	416.0	0.92	755	-30.29	2527	-8.41
Sep-11	402.70	412.60	396.40	406.0	1.00	2480	-39.60	3915	-8.97
Oct-11	394.30	399.00	383.00	393.5	0.25	19741	-59.27	8426	-36.64

Shanghai (RMB/Tonne)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	33515	34350	33400	34350	2.08	2278	-26.71	3680	-0.43
Aug-11	32635	33705	32520	33610	2.30	1792	107.41	1052	18.74
Sep-11	32690	33365	31960	33365	1.88	4316138	-17.48	267588	7.14
Oct-11	32685	33330	32175	33330	0.98	664	172.13	188	28.77

Outlook

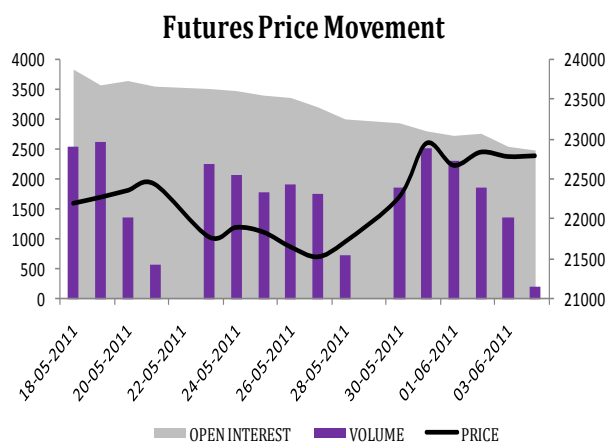
The NMCE rubber futures are likely to continue the positive trend in the week ahead on limited supply. Demand from end-users might support prices at spot markets anticipating likely supply disruption in upcoming rainfall season. IMD



has announced monsoon onset before 2 days of schedule. Prevailing rainy conditions in major growing regions are hampering the tapping activity. Tapping process is disturbed in many region of Kerala which reducing supply to market. Indian Meteorological Department has projected early onset of monsoon i.e., on 31st May 2011. According to trade sources, this year rubber supply for the month of June is expected around 40,000-60,000 sheets against 1.7 lakh sheet during same period last year. Growers are also not ready to sell at lower prices which might render support to the market. Robust demand for rubber amid higher price is likely to support the prices to trade higher in the week ahead. Global rubber markets are likely to continue the positive trend in the week ahead on robust demand amid supply concern. Supply disruption from Thailand due to wet weather situation is hampering the tapping activity might attract buying in TOCOM and Shanghai market.

Derivative Analysis

The NMCE Rubber June contract prices and open interest have increased while volumes have declined. Market is attracting late buyers & early shorts; market is vulnerable to a sharp correction but likely that that correction will be bought creating a buy point for uptrend.



Shanghai Warehouse Stocks (W/W)

Date	Deliverable Stock	% Change W/W	On Warrant stocks	% Change W/W
12-05-2011	14161	19.49%	7835	32.46%
19-05-2011	13946	-1.52%	6600	-15.76%
26-05-2011	10291	-26.21%	2880	-56.36%
02-06-2011	10566	2.67%	3280	13.89%

NMCE Warehouse Stock (D/D)

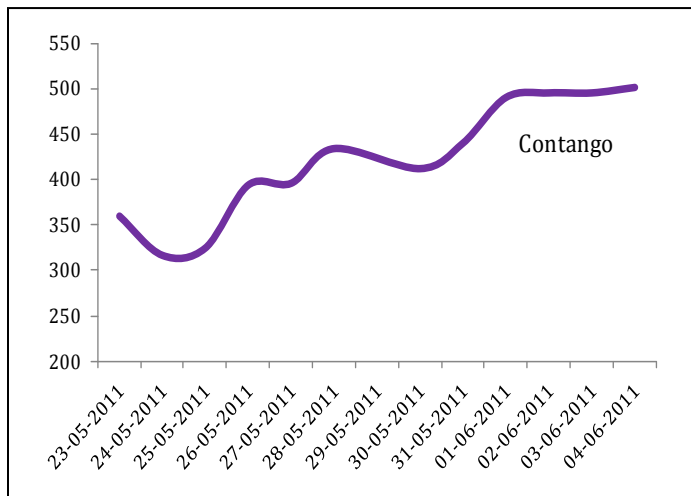
Date	Daily Stock	% Change D/D
30-05-2011	3973	-1.34%
31-05-2011	3918	-1.38%
01-06-2011	3909	-0.23%
02-06-2011	4055	3.73%



SPREAD MATRIX

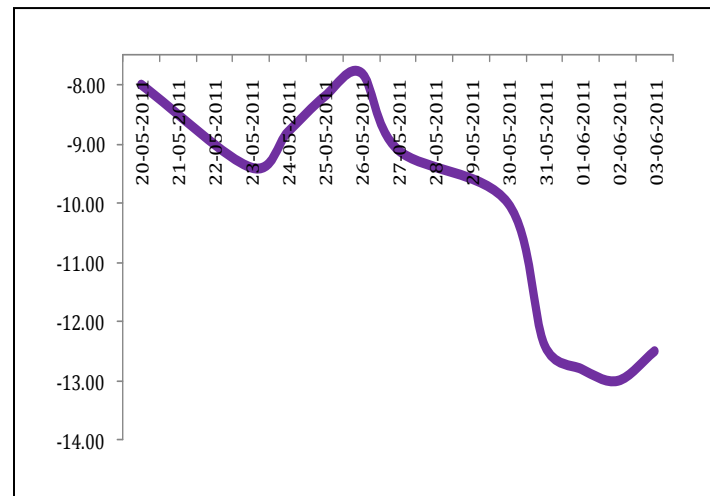
INDIA

Calendar Spread on NMCE (Jul. - Jun)



TOCOM

Calendar Spread on TOCOM (Oct. - Sep.)



Technical

Rubber prices traded upside as per our last week's outlook and settled higher at 22768. The daily chart is suggesting that the prices are sustaining above the short term upper trend line drawn by joining 2 well defined peaks of 25089-23840. As of now prices are hovering around the short and medium term moving averages. If market sustains above 23120 (38.2% natural retracement level of the range 25950-21360) then it may trade upside till the next resistance level of 23684 50% retracement of the given range. The technical indicator RSI (14) is trading at 0.50 indicating an upside potential for the prices.

In the weekly chart a white opening Morubozu candle stick is witnessed indicating bullish mode to be continued for the coming week also.





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