



13-Jun-11

TECHNICAL RECOMMENDATION

Commodity	Contract	S3	S2	S1	Close	R1	R2	R3	Recommendations
NMCE	Jun-11	22226	22513	22775	23037	23324	23611	23873	Buy above 23280 TP 23800 Strict SL 22950
TOCOM	Nov-11	388.50	390.60	388.50	390.60	388.50	390.60	388.50	Buy at 384-86 TP 392 then 399 SL 378

REVIEW AND OUTLOOK

July delivery rubber futures on NMCE witnessed decent correction during the week ended on June 11th. Futures started the week on lower note on profit selling shading all the previous gains. Increased supply from growers due to rise in spot prices pulled down the prices. Buyers' resistance in buying at higher levels weigh on sentiments and futures continued to trade lower. However, decline in tapping activity along with monsoon progress supported the prices at lower level. TOCOM 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. However, domestic futures took decent corrections on fresh selling in towards the end of the week and futures ended the week on slightly negative note loosing 0.44% W/W.

NMCE (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	23300	23349	22800	23037	-0.70	10508	-33.00	3873	7.43%
Aug-11	23400	23439	22902	23250	-0.44	1730	32.47	734	66.44%
Sep-11	23250	23300	22875	23066	-0.80	146	25.86	168	22.63%

TOCOM (JPY/Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	410.00	412.50	407.70	412.5	0.12	22	-95.42	2352	-6.93
Sep-11	401.00	404.50	399.40	404.5	0.35	31	-96.78	3650	-6.77
Oct-11	387.70	392.70	386.40	392.7	0.69	86	-98.91	6658	-20.98
Nov-11	379.00	384.90	377.10	384.5	0.21	272	-99.09	14243	-0.40

Shanghai (RMB/Tonne)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	34075	34200	34010	34200	-0.47	22	-98.79	3548	-3.59
Sep-11	33000	33450	33000	33450	-0.76	18	-99.03	1352	28.52
Oct-11	32615	32890	32560	32770	-0.83	2910	-99.93	262084	-2.06
Nov-11	32615	32820	32600	32790	-0.59	100	-83.11	178	-5.32

Outlook

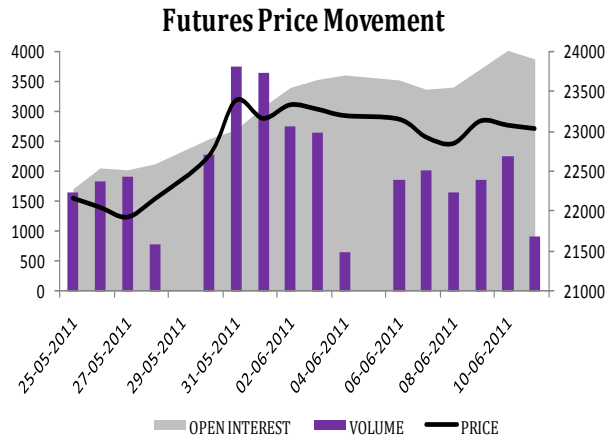
The NMCE rubber futures are likely to continue the fall on profit selling initially in the week. Increased supply from growers might also add to the down side. However, prices might resume buying on lower level later in the week. Demand from end-users might support prices at spot markets anticipating likely supply disruption in upcoming rainfall season. 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. 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.

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
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%
09-06-2011	11211	6.10%	3180	-3.05%

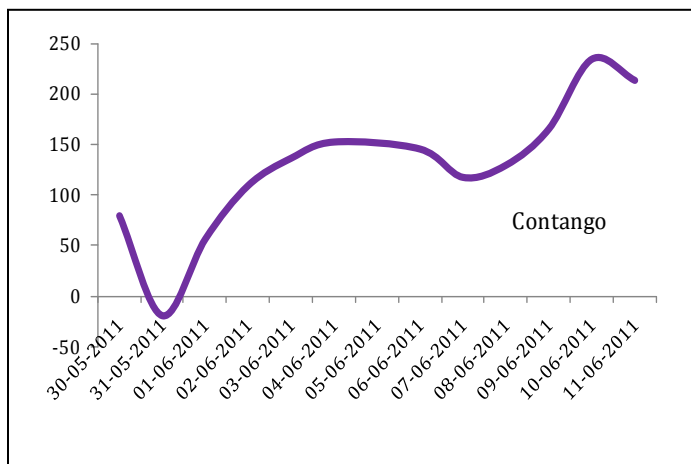
NMCE Warehouse Stock (D/D)

Date	Daily Stock	% Change D/D
06-06-2011	4307	1.51%
07-06-2011	4411	2.41%
08-06-2011	4521	2.49%
09-06-2011	4592	1.57%

SPREAD MATRIX

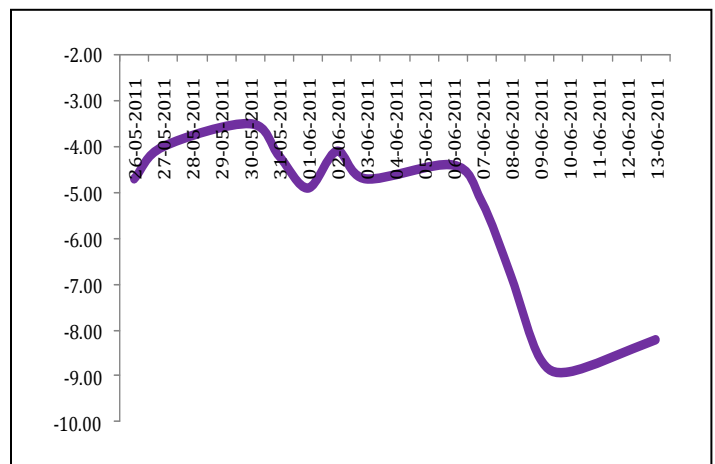
INDIA

Calendar Spread on NMCE (Jul. - Jun)



TOCOM

Calendar Spread on TOCOM (Oct. - Sep.)



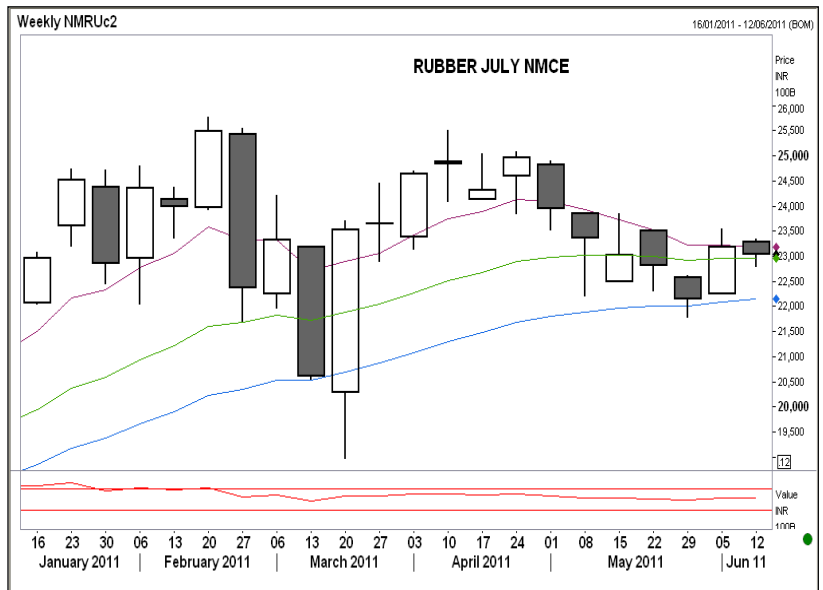


Technical

Rubber prices took a slight correction after a smart recovery. During the week it made a low of 23037 and settled after a slight recovery at 23037.

In the weekly chart a small black candle stick is witnessed after a white opening morubozu indicating that the market took a slight correction this week after rallying in the previous. The momentum indicator RSI (14) is trading at 0.38 indicating a bounce back in the prices.

In daily chart a V- shape recovery is witnessed in the daily chart and market is now hovering



around short and medium term moving average indicating a consolidation mode for short term. If market sustains above 23280 upper trend line resistance of the consolidation mode then it may trade up till the next resistance level of 23550(previous swings) and 23900 (50% retracement of the range 25199-21785).

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