

# Daily Indian Natural Rubber Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 12 Sep 2017

1M

July 2017

50.00%

INR 250

## Indian Natural Rubber Outlook Summary

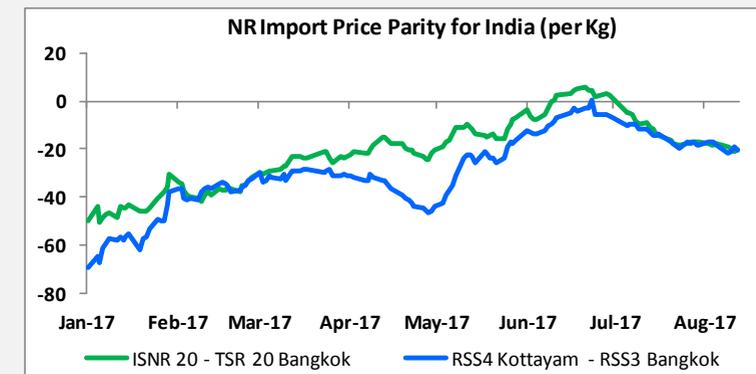
11 Sep 2017	NMCE RSS4 SEP 2017 INR/Qtl	NMCE RSS4 Oct 2017 INR/Qtl	Kottayam RSS4 INR/Qtl	Bangkok RSS3 THB/Kg	Malaysia SMR20 US\$/Kg
Closing Price	13821	13806	13828	64.10	167
Change	+92	+55	+54	-0.7	-3
Fundamental Summary	<b>Critical Price drivers</b>			<b>Price Direction</b>	
	Peak production season starting from October			Downward	
	Firm trend in international NR prices			Upward	
	Festive season vehicle sales – positive demand in spot markets			Upward	
	Import price parity widening in the past few weeks			Upward	
Next 10 Trading days	Price Outlook Summary: Prices are likely to hold above the support at INR 13500 and extend the gains towards INR 14100 in the coming 3-5 trading days.				
	Direction: Upward				
	Price Range: 13500 to 14100				

## NMCE RSS4 Natural Rubber Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Oct'17	Buy	13600	--	13900	Below 13400
Strategy Review	For fresh position traders may consider above mentioned strategy.					
Closed Positions Audit	Market	Period	Strike Rate %	Net Profit Per Lot		
	NMCE RSS4	2005 to Till Date	69.00%	INR 153.0		

## Fundamental Analysis

- ❖ Indian NR futures traded on a mixed note and closed marginally higher for the day amid lack of fresh cues in the market as well as mixed trend in international prices. NR prices continue to hover near one month highs supported by improving sentiments at the spot markets due to increase in demand while market awaits for the outcome of meeting between major NR exporters in this week.
- ❖ In the next few sessions focus will be on international rubber tripartite group (Thailand, Indonesia and Malaysia) meeting to be held on September 15<sup>th</sup>. Agenda of the meeting will be discussion on price stability and group has indicated that they may opt for export curbs in order to support prices. Successful negotiation for the curbs as well as quantum of exports to be cut will be providing the price direction.
- ❖ At the weather front, rainfall in major rubber producing regions of Kerala continued to remain higher in the past week. Going ahead, in coming days, IMD expects rainfall activity to remain higher while the intensity may recede. However, during the monsoon season, major rubber growing regions such as Kottayam and Ernakulam have received 8% and 11% deficit than normal rainfall respectively.
- ❖ While the recent higher rainfall and expected increased monsoon activity in the coming days is likely to improve sentiments in the immediate front, with rainfall intensity likely to decline gradually during the last month of Southwest monsoon and start of peak production season starting from October, NR supply growth concerns are likely to keep the prices under pressure in the medium term.
- ❖ After narrowing down to near parity levels at the start of July, domestic and import prices difference has started to widen again for both sheet and block rubber. Amid firmer trend



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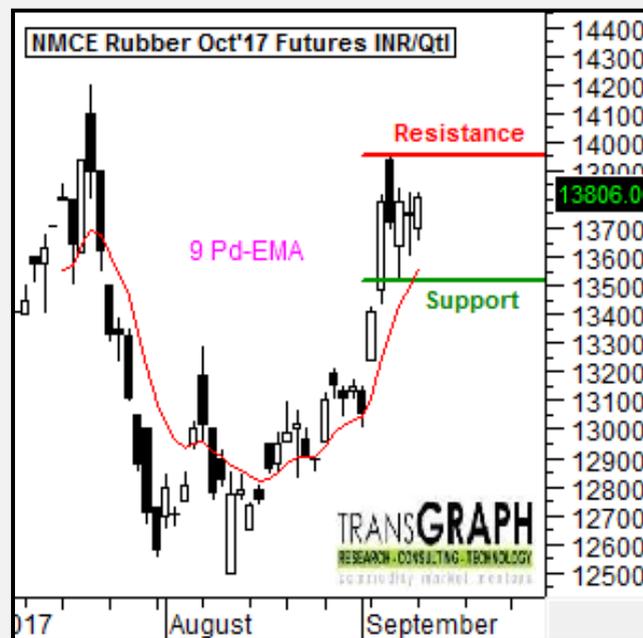


in international prices and domestic prices remaining weak during this period as the production continued to grow due to lower rainfall giving way for higher tapping resulted in import price parity widening in the last few weeks.

- ❖ At the spot market front, domestic demand continued to improve after the weak activity during Onam festivities. Orders from tyre manufacturers have stated to improve in the past week. Going ahead, amid lower imports and increase in availability from coming months, off-take from spot markets is likely to be higher in the medium term.
- ❖ Moving forward, with recent strength in domestic NR prices, import price parity is likely to narrow down in coming weeks and may result in higher imports in the coming month.

## Technical Outlook: NMCE RSS4 Oct 2017

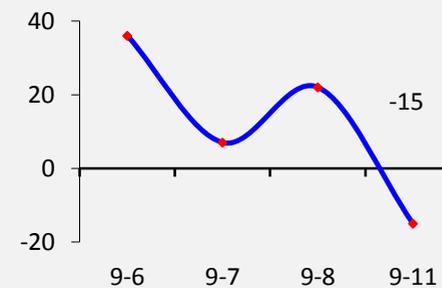
- ❖ NMCE Rubber Oct'17 futures prices are seen consolidating after testing the short term moving average keeping the positive bias intact.
- ❖ Prices have retraced 61.8% of the prior fall suggesting minor correction before gaining further.
- ❖ On the daily technical setup short term momentum indicators like stochastic (9/3/3) and RSI (14 Pd) are seen turning higher above equilibrium region supporting positive bias.
- ❖ On the lower side INR 13500 acts as an immediate support.
- ❖ On the higher side INR 13950 shall act as an immediate resistance followed by 14100.



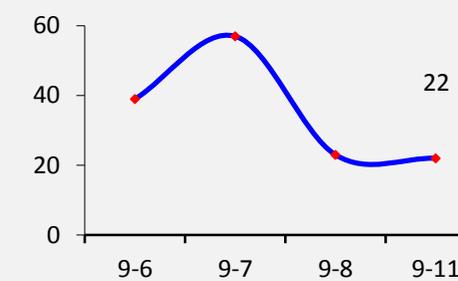
**Concisely, prices are likely to hold above the support at INR 13500 and extend the gains towards INR 14100 in the coming 3-5 trading days.**

## Mini Charts

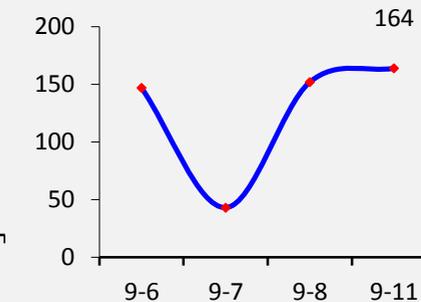
NMCE RSS4 Future Spread (INR/Qtl) Sep'17-Oct'17



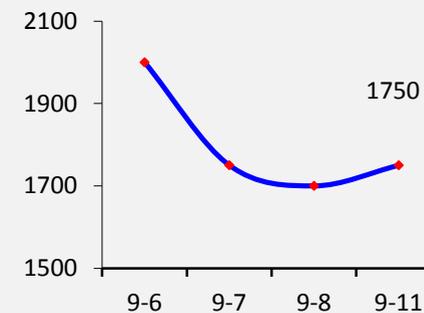
NMCE RSS4 Future Spread (INR/Qtl) Oct'17-Nov'17



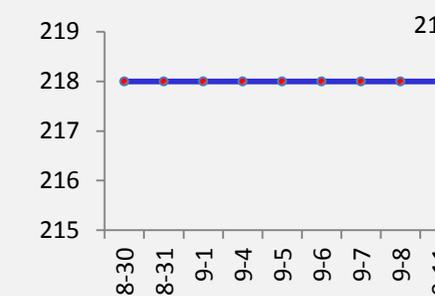
NMCE RSS4 Future Spread (INR/Qtl) Nov'17-Dec'17



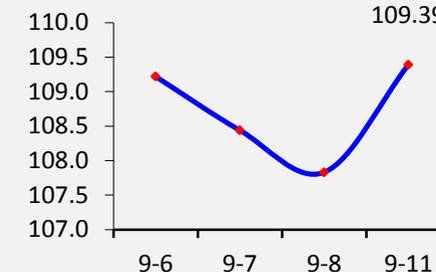
RSS4 Kottayam -ISNR 20 Spot Spread (INR/Kg)



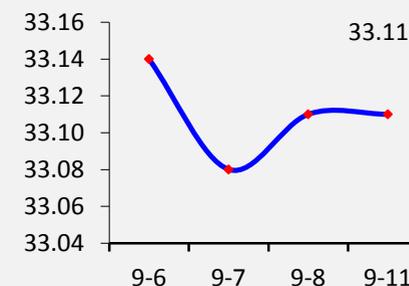
Japanese Synthetic rubber Delhi spot prices (INR/Kg)



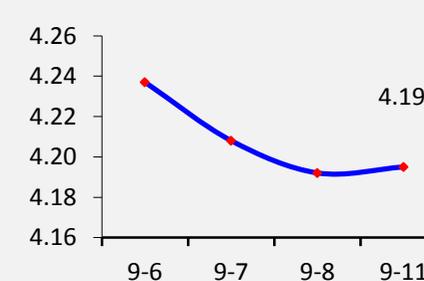
USDJPY



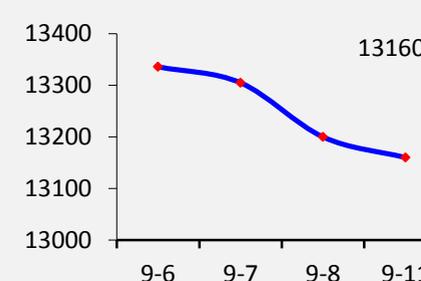
USDTHB



USDMYR



USDIDR

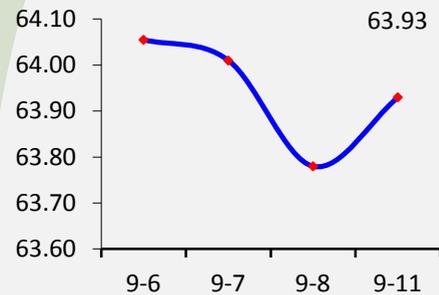


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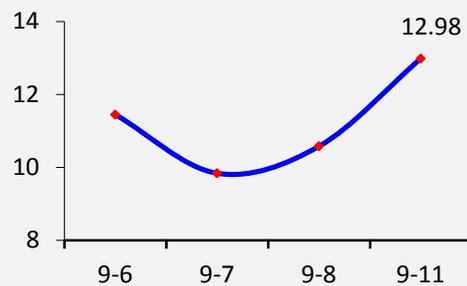
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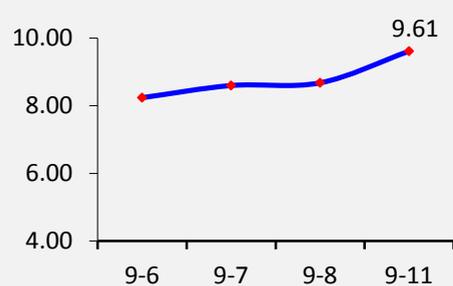
**USDINR**



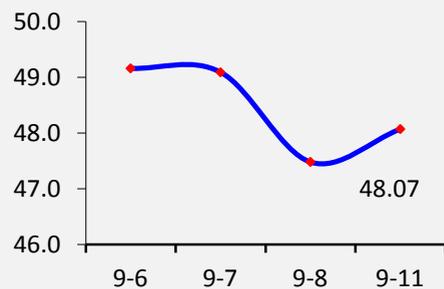
**RSS4 Kottayam -RSS3 Bangkok - Import Parities (INR/Kg)**



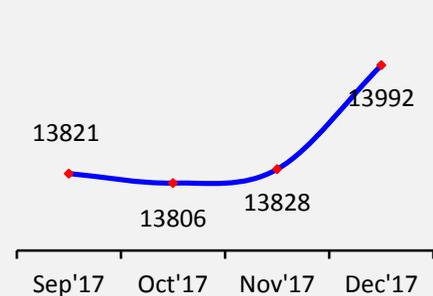
**ISNR 20 – SIR 20 Indonesia - Import Parities (INR/Kg)**



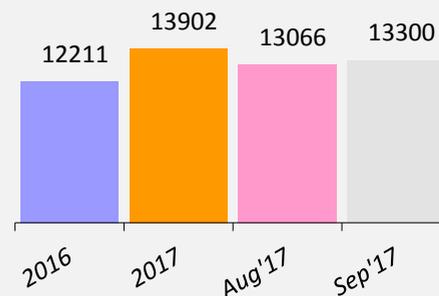
**Crude oil prices (USD/BBL)**



**NMCE Forward Curve (INR/Qtl)**



**RSS4 Kottayam Avg Prices Historical (INR/Kg)**



**11 Sep 2017**

Exchange	Contract	Open	High	Low	Close	Change	Previous Close
SICOM TSR 20	Sep'17	167.2	168.8	164.9	168.1	-0.7	168.8
	Usc/Kg	Oct'17	167.2	169.3	166.1	169	-1.3
TOCOM RSS3	Dec'17 (D)	223.2	225.3	221.3	224.3	0	224.3
	JPY/Kg	Dec'17 (E)	224.1	227	221.3	224.3	0
D: Day, E: Electronic	Jan'18 (D)	225.4	227.4	223.1	226.4	0.4	226
	Jan'18 (E)	225.9	229	223.1	226.4	0.4	226
SHFE CNY/MT	Sep'17	13665	13700	13335	13540	-280	13820
	Oct'17	13710	13805	13630	13745	-265.0	14010

**Price spreads as on 2017 Sep 11**

Expiry	Closing Prices	Sep'17	Oct'17	Nov'17	Dec'17
RSS4 Kottayam Spot	13500	321	306	328	492
Sep-17	13821		-15	7	171
Oct-17	13806			22	186
Nov-17	13828				164
Dec-17	13992				

## Market Prices

Exchange	Contract	11 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
NMCE RSS4 INR/Qtl	Sep'17	13650	13825	13649	13729	-58	13787
	Oct'17	13748	13825	13599	13751	-43	13794
	Nov'17	13760	13850	13675	13774	-77	13851

Market	Commodity	11 Sep-17	8 Sep-17	Change	% Change
Bangkok	RSS 3 THB/Kg	64.1	64.75	-0.7	-1.00%
Bangkok	STR 20 USc/Kg	168	171	-3.0	-1.75%
Indonesia	SIR 20 USc/Kg	169	169	0.0	0.00%

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Market	Commodity	11 Sep-17	8 Sep-17	Change	% Change
Malaysia	SMR 20 USc/Kg	167	170	-3.0	-1.76%
Kottayam, India	RSS 4 INR/Qtl	13500	13400	100	0.75%
Kottayam, India	RSS 5 INR/Qtl	13100	13050	50	0.38%
Kottayam, India	ISNR-20 INR/Qtl	11750	11700	50.0	0.43%
Kottayam, India	Latex (60% drc) INR/Qtl	8295	8190	105.0	1.28%

## Our Extensive coverage of Natural Rubber

Report	Coverage #	Price Outlook & Strategies
<b>Daily Indian Natural Rubber Price Outlook and Strategy</b>	NU, FA, TA, PO, TS, FF, MP, 5D, 2W	IN.RSS4c1.NMCE
<b>Daily International Natural Rubber Price Outlook and Strategy</b>	NU, FA, TA, PO, TS, FF, MP, 5D, 2W	JP.RSS3c6.TOCOM, SG.TSR20c1.SICOM
<b>Weekly Natural Rubber Price Outlook and Strategy</b>	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	TH.RSS3.SPOT, TH.TSR20.SPOT, ID.SIR20.SPOT, MY.SMR20.SPOT, IN.RSS4.SPOT
<b>Monthly Natural Rubber special report</b>	FA, BS, TA, PO, 2M	IN.RSS4.SPOT, TH.RSS3.SPOT, TH.TSR20.SPOT, JP.RSS3c6.TOCOM, SG.TSR20c1.SICOM

# News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

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Talk to us on: **+91-40-46619999**

Research Queries: [services@transgraph.com](mailto:services@transgraph.com)

Sales: [mktg@transgraph.com](mailto:mktg@transgraph.com)

TransRisk software: [demo@transgraph.com](mailto:demo@transgraph.com)

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TransGraph Consulting Private Limited

6C/A, Melange Towers, Sy.No.80-84, Hitech City, Hyderabad – 500081, India