

Daily TOCOM Rubber Price Outlook and Strategy

Decision enabling market analysis & price outlook

For Oct 09, 2012

| Report Summary | | | | | |
|------------------------------|---|-----------------------|--------------------------|--------------------|--------------------|
| TOCOM RSS3 Jan'13 Futures | JY 267.40 (-2.80) as on Oct 05, 2012 | | | | |
| Fundamental Summary | Critical factors | Impact | Weightage % | Score (1-5) | |
| | Export cuts by major producers | Marginal Bullish | 30% | 4 | |
| | Positive US data of car sales and PMI | Marginal Bullish | 30% | 4 | |
| | Euro zone concerns | Marginal Bearish | 20% | 2 | |
| | Weakening crude oil prices | Marginal Bearish | 20% | 2 | |
| | Indexed Score | | | | 3.2 |
| Technical Summary | Sustaining below JPY 261 levels (penultimate swing high) shall infuse selling pressure towards JPY 250-245 levels. Oscillators are displaying negative divergence implying vulnerability to the current trend. | | | | |
| Price outlook summary | Concisely, prices are likely to drift lower towards JPY 256 levels with resistance in place at JPY 273 in coming sessions. | | | | |
| | Next five sessions | | Next ten sessions | | |
| | Initial Level (IL) | Subsequent Level (SL) | IL | SL | |
| | 268 | 250 | 260 | 235 | |
| Strategy Review | For fresh positions, one may consider below mentioned strategy in Mar'13 Futures. | | | | |
| Trading Strategy | Filled on | Position | Filled at | Objective | Stop Profit |
| | -- | Short | Around JPY 269 | JPY 258 | Above JPY 275 |

| Performance Audit | | |
|-----------------------------------|------------|------------|
| TOCOM NR Futures | Since 2003 | Since 2011 |
| Range honored % | 67.96% | 72.97% |
| Net profit / Gross profit Ratio % | 73.36% | 79.63% |

Fundamental Analysis

- ✓ Tokyo rubber futures have traded on a positive note owing to tighter supplies and rise of US car sales.
- ✓ Meanwhile, positive US data has filled optimism in the market. The rise of US Sep'12 car sales by 13% would impact market positively.
- ✓ On the other hand, Major producers Thailand, Malaysia and Indonesia who have agreed to cut exports to the tune of 300,000 tons would tighten supplies and impact prices positively.

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- ✓ However, Crude oil prices on Wednesday have slipped \$3.75 to \$88.14/ barrel due to euro zone economic concerns would prevent aggressive gains.
- ✓ On the whole, tight supplies coupled with positive US data would impact on a positive note. However continuing global economic concerns would prevent aggressive gains.

Collating the above factors, TOCOM NR future prices are likely to trade range bound for the coming 3-5 sessions.

Technical Outlook: TOCOM RSS3 Jan'13 futures

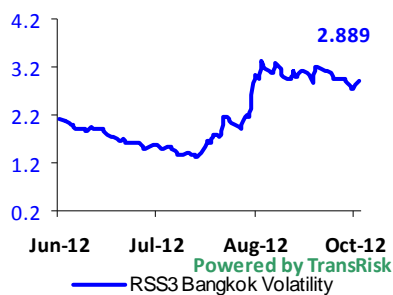
- ✓ Prices traded on lackluster note while hovering below the interim resistance at JPY 273 levels (261.8% Fibonacci retracement levels of Aug'12 upswing-JPY 230.80-204.5) in the past session.
- ✓ Sustaining below JPY 261 levels (penultimate swing high) shall infuse selling pressure towards JPY 250-245 levels.
- ✓ RSI (9) is displaying negative divergence suggesting weakening momentum.
- ✓ JPY 250 levels likely to act as immediate support zone in coming sessions.
- ✓ On the higher side, JPY 273 levels are likely to provide stiff resistance in coming sessions and upon sustaining over the same further resistance is seen at JPY 290 levels.



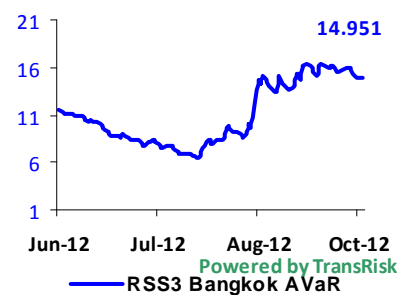
Concisely, prices are likely to drift lower towards JPY 256 levels with resistance in place at JPY 273 in coming sessions.

RISK PARAMETER

RSS3 Bangkok Volatility



RSS3 Bangkok AVaR



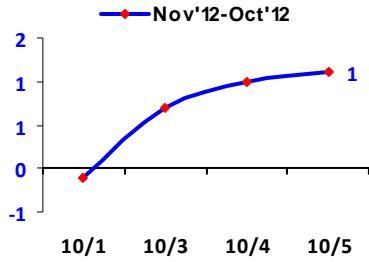
Mini Charts

Tocom RSS3 spread (JY/Kg)

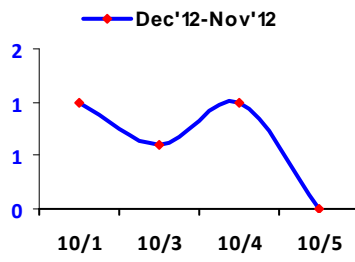
Tocom RSS3 spread (JY/Kg)

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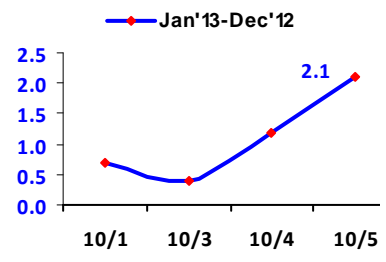
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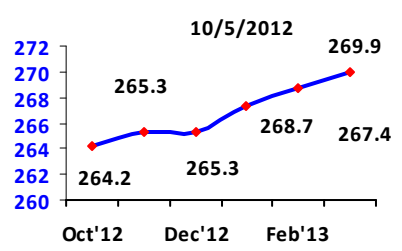
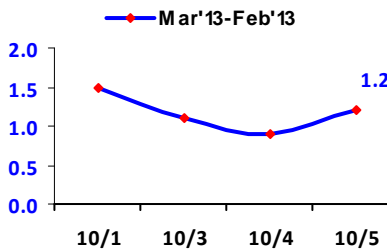
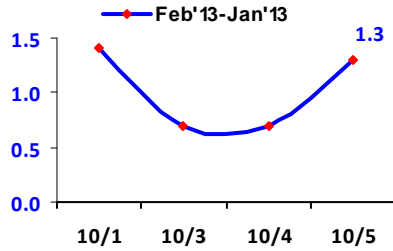
Tocom RSS3 spread (JY/Kg)



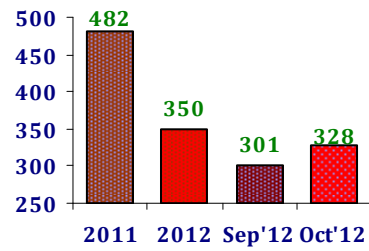
Tocom RSS3 spread (JY/Kg)



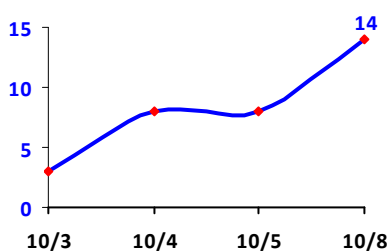
TOCOM RSS3 Forward curve (JY/Kg)



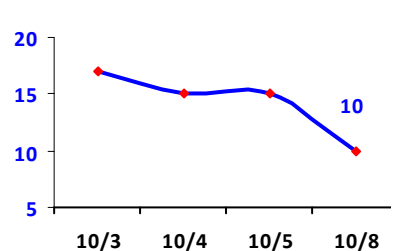
RSS3 Bangkok Ave Spot prices Historical (US Cents/Kg)



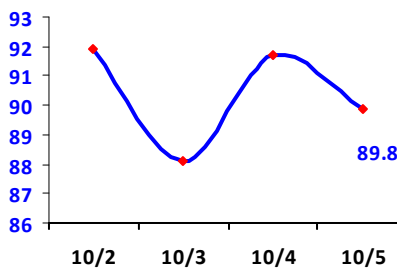
SIR20 & SMR 20 spot prices (US Cents / Kg)



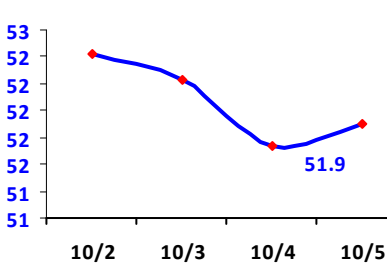
Bangkok RSS3 - TSR 20 spot spread (US Cents / Kg)



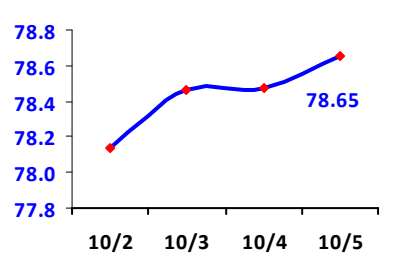
Crude oil prices (US \$/Barrel)



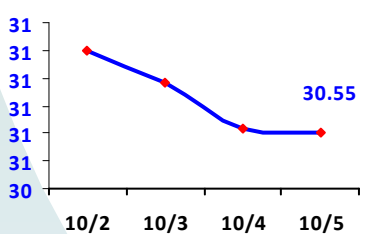
USD/INR



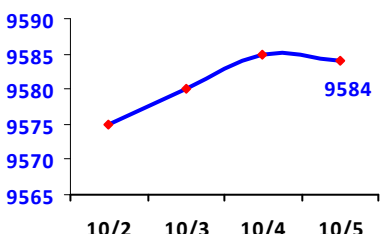
USD/JPY



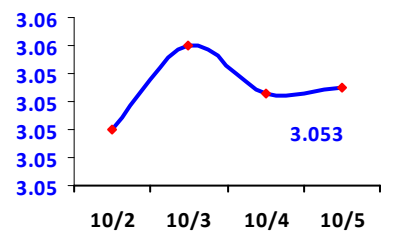
USD/THB



USD/IDR



USD/MYR



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| Spot Prices | | | | | | | | | |
|-------------------------------------|----------|---------------|-------------|-------|-------------|-------|----------------------------|-------------------|--------------------------|
| Grade | | Market | | | Oct 08 2012 | | | | |
| Global Natural Rubber – US Cents/Kg | | | | | | | | | |
| RSS 3, (US cents/Kg) | | FOB Bangkok | | | 315(-15) | | | | |
| TSR 20, (US cents/Kg) | | FOB Bangkok | | | 305(-10) | | | | |
| SIR 20 (US cents/Kg) | | FOB Indonesia | | | 304(-4) | | | | |
| SMR 20, (US cents/Kg) | | FOB Malaysia | | | 290(-10) | | | | |
| Indian NR, Kottayam – INR/Qtl | | | | | Oct 08 2012 | | | | |
| RSS-4 | | Kottayam | | | 19100(-400) | | | | |
| RSS-5 | | Kottayam | | | 18700(-200) | | | | |
| ISNR-20 | | Kottayam | | | 17500(-200) | | | | |
| Latex (60% drc) | | Kottayam | | | 12890(0) | | | | |
| Future Prices | | | | | | | | | |
| Rubber RSS3 prices in JY/Kg | | | | | | | | | |
| Market | Contract | Session | Oct 05 2012 | | | | Change (Previous close) | Cumulative Volume | Cumulative Open Interest |
| | | | Open | High | Low | Close | | | |
| TOCOM RSS3 (Yen/kg) | Jan'13 | Day | 271 | 272.7 | 267 | 267.4 | -2.8(270.2) | 7004 | 25445 |
| | | Electronic | 270.1 | 272.7 | 267 | 267.4 | -2.8(270.2) | | |
| | Feb'13 | Day | 272.4 | 274.2 | 267.8 | 268.7 | -2.2(270.9) | | |
| | | Electronic | 272 | 274.2 | 267.8 | 268.7 | -2.2(270.9) | | |

In Tocom, 1 lot = 5 tons.

| Spread View – TOCOM RSS3 (JY/Kg) | | | | | | |
|----------------------------------|---------------|--------|--------|--------|--------|--------|
| Expiry | Closing Price | Oct'12 | Nov'12 | Dec'12 | Jan'13 | Feb'13 |
| Oct-12 | 264.2 | 1.1 | 1.1 | 3.2 | 4.5 | 5.7 |
| Nov-12 | 265.3 | | 0 | 2.1 | 3.4 | 4.6 |
| Dec-12 | 265.3 | | | 2.1 | 3.4 | 4.6 |
| Jan-13 | 267.4 | | | | 1.3 | 2.5 |
| Feb-13 | 268.7 | | | | | 1.2 |
| Mar-13 | 269.9 | | | | | |

| Currency Market Update | |
|------------------------|---------------|
| | Oct 05 2012 |
| USD vs. JPY | 78.65(0.18) |
| USD vs. THB | 30.55(-0.01) |
| USD vs. INR | 51.9(0.16) |
| USD vs. MYR | 3.053(0) |
| USD vs. EUR | 1.3033(0) |
| USD vs. IDR | 9584(-1) |
| Dollar Index | 79.337(-0.02) |

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