

India: Natural rubber price to fall on high imports

The price of natural rubber (NR) crossed Rs 160 a kg on Tuesday, paving the way for a bear phase in the coming months. The Kochi and Kottayam markets today quoted Rs 158 a kg for RSS-4 grade. Experts told Business Standard the price might go below Rs 150 and some pessimists even feel it might reach Rs 140. The local market touched a peak of Rs 245 a kg in February 2011. The international market today quoted Rs 156 a kg, after touching a low of Rs 148 a kg last Thursday. However, the Indian Standard Natural Rubber (ISNR), is having a price tag of Rs 130 a kg in the Bangkok market. Compared to rate of ISNR, the Indian tag is still higher. So, imports are likely to increase in the coming months. According to Sheela Thomas, chairman, Rubber Board, the industry can import 100,000 tonnes through duty-free channels. N Radhakrishnan, former president, Cochin Rubber Merchants Association told Business Standard the sluggish economic growth across the world and poor performance of the automobile industry are major concerns of the rubber plantation industry, especially in Southeast Asian countries. In India, 45 per cent of the total rubber consumption is by tyre companies and the sluggish growth in this sector affects the demand. So, the market expects the bearish phase to continue, he added. Domestic rubber consumption has increased just 0.8 per cent during 2012-13, compared to the previous financial year. In 2011-12, consumption increased 1.8 per cent. According to Rubber Board estimates, NR consumption by tyre sector in 2012-13 was flat with a negligible growth of 0.01 per cent, whereas in non-tyre sector, consumption rose 2.3 per cent. Business Standard