

## **Rubber to remain weak tracking equities, Eurozone crisis, steady crude oil support**

BANGKOK, KOTTAYAM, INDIA : Natural Rubber prices have held steady at Tokyo Commodity Exchange but fell further in Shanghai Futures Exchange (SHFE) as China growth concerns and continuing Eurozone debt crisis is not supportive of a further rally in rubber prices,

In TOCOM, March delivery rubber has stayed steady at 266.5 Yen per kg on Thursday with range bound movements while the most active January contract in SHFE fell 235 Yuan to 25390 Yuan per ton.

Equity indices have weakened globally with S&P500 losing over 2% in the past five days and currently at 1432.84, while Dow Jones Industrial Index is down 18.58 points to 13326.39, Nasdaq is down 2.37 points to 3045.4. Crude oil prices at \$92 levels for US WTI provide firm support natural rubber prices, according to Sreekumar Raghavan, Chief Commodity Strategist, Commodity Online Group.

The rubber cartel has taken a decision to cut rubber supplies by 300,000 tons from the world market. Rubber stocks held by the Thai government have doubled to 200,000 tonnes since mid-September, the deputy agriculture minister said on Thursday, adding the rubber would be kept for domestic use, not sold on the world market.

The stocks jumped after the government approved an extra 30 billion baht (\$976 million) to fund purchases when an initial budget of 15 billion baht ran out. Its intervention is aimed at boosting prices to help farmers.

In India, rubber futures at National Multi Commodity Exchange (NMCE) has risen to Rs 18649 per 100 kg trading near to crucial support levels in the near term. However, the short to medium outlook for rubber remains range bound with support at 18249, resistance at 18757 per 100 kg levels, according to Sreekumar Raghavan of Commodity Online. Tyre sector remains absent from the market as they fear further fall in prices and automobile sales continue to fall amidst rise in fuel prices, lower GDP growth. Festival season beginning October-December may not augur well for the automobile industry, according to Society of Indian Automobile Manufacturers (SIAM).