

[Geojit Comtrade] Daily report on Natural Rubber: June 17, 2013

MARKET COMMENTARYLast week, natural rubber prices were riding high in the Indian market despite sharp declines witnessed in the overseas market. As fears over supplies gripped the market, RSS4 moved higher to hit its strongest level since late-November 2012 in the physical market. According to sources, with Southwest monsoon being very active over Kerala, the top natural rubber producing state in India, tapping has not resumed yet. However, widening difference between quotes prevailing in the local and international market may perhaps see imports rising in coming months.On Monday, natural rubber is seen extending the weekend gains in the overseas market. TOCOM rubber futures rose nearly two per cent though investors remained cautious ahead of the US FOMC policy announcement later this week. SHFE and AFET rubber futures inched higher as well. Rise in crude oil prices and moves by Thailand to bolster prices probably lend support.MARKET NEWSThai govt through state-owned Rubber Estate Organization and exporters plan to set up a fund to trade rubber on the Agricultural Futures Exchange of Thailand, or AFET, according to the farm ministry.Rubber inventories in the warehouses monitored by SHFE rose 0.2 per cent to 114208 tonnes last week.According to Rubber Trade Association of Japan, crude rubber inventories in the Japanese ports as of May 31 fell to 14224 tonnes, down 654 tonnes over a period of ten days to its lowest level since March 10.Natural rubber production in India rose 1.7 per cent to 59000 tonnes in May while consumption dropped 3.1 per cent to 83000 tonnes. Imports slumped 17 per cent to 17334 tonnes.Natural rubber imports by China fell to 180000 in May compared to 227320 tonnes imported the previous month.According to China Association of Automobile Manufacturers, wholesale deliveries of cars, multipurpose and sport utility vehicles increased 9 percent to 1.4 million units in May compared to 13 per cent growth achieved during the previous month.According to ANRPC, natural rubber production from Indonesia is seen rising 5.0 per cent to 3.18 million tonnes while that of Malaysia is seen at 980000 tonnes, up 6.8 per cent this year.Geojit Comtrade