

## **OUTLOOK-India rubber expected to fall on weak demand, output**

MUMBAI, Jan 21 (Reuters) – Indian natural rubber futures are likely to extend losses this week on rising production and weak demand from tyre makers, though thin supplies from farmers can limit the downside.

At 1105 GMT, the key February rubber contract on the National Multi Commodity Exchange was down 2 percent at 15,855 rupees per 100 kg.

“The December production figures surprised industry. The production was much higher than anticipated,” said a dealer based in Kochi, in the top producing state of Kerala.

“Tyre makers know the supplies situation is very much comfortable. They are buying cautiously. They are not in a hurry. On other hand, many farmers are holding produce due to lower prices,” the dealer said.

India’s natural rubber production in December jumped to 110,000 tonnes, compared with 93,500 tonnes in November, the Rubber Board said last week.

The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) in Kottayam, Kerala, fell by 50 rupees to 16,050 rupees per 100 kg.

Rubber production in India peaks during the October to January period and starts falling from February.

The country is likely to produce 942,000 tonnes of natural rubber in the current year, up from 899,400 tonnes a year earlier.

A drop in the overseas markets was also putting pressure on local prices, dealers said.

Tokyo rubber futures fell in subdued trade on Monday after rising to a near nine-month high in the previous session as profit-taking and a strengthening yen discouraged buyers.

(Reporting by Rajendra Jadhav; Editing by Anupama Dwivedi)