

## **India rubber seen steady as tyre makers raise buying**

MUMBAI, Oct 22 (Reuters) – Indian natural rubber futures, which lost nearly 4 percent last week, are likely to tread water this week as tyre makers are raising purchases at lower levels, negating the impact of higher supplies.

The key November rubber contract on India's National Multi Commodity Exchange was 0.2 percent higher at 17,945 rupees per 100 kg by 1023 GMT.

The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) at the Kottayam market in Kerala eased 50 rupees to 18,250 rupees per 100 kg.

"Tyre makers are placing more orders. They are building inventory," said a member of the Indian Rubber Dealers Federation.

"Tapping is going on smoothly. This is peak season. Some farmers are holding back material, but supplies are sufficient due to imports."

Rubber production in India peaks during Oct-Jan and starts falling from February.

Natural rubber imports in September rose nearly 16 percent on the year to 14,779 tonnes, the state-run Rubber Board said in a statement.

Rubber imports could hit a record 22.5 percent of the country's total consumption in 2012/13 as a widening gap between local and overseas prices prompts tyre makers to bring in imports even during the peak domestic production season.

India imports natural rubber from Thailand, Indonesia, Malaysia and Vietnam.

Tokyo rubber futures fell to a three-week low on Monday as investors shied away from risk due to worries about the health of the global economy, though firm oil prices and some speculative buying in the afternoon reined in losses.

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

Car sales in India fell 5.4 percent in September, the second consecutive monthly slide, according to data released by an industry body.

(Reporting by Rajendra Jadhav; Editing by G.Ram Mohan)Reuters