

Rubber tumbles amidst gloomy macro-economic scenario

TOKYO/KOTTAYAM,INDIA(Commodity Online): Amidst a gloomy economic scenario which saw commodity prices across energy, agriculture and metals tumbling further in first week of June, the bench mark Tokyo rubber futures fell to a two-and-a-half year low. Stop-loss selling had accelerated before the G7 call, sending the most-active Tokyo Commodity Exchange rubber contract for November delivery down as low as 233.8 yen per kg during the night session, the lowest since Nov. 13, 2009. As of 0045 GMT on Wednesday morning, the contract was down 5.9 yen, or 2.4 percent, at 237.9 yen after touching a morning low of 236.2 yen, Reuters reported. In Shanghai, the most active rubber contract for September delivery stood at 22,440 yuan per tonne, down 160 yuan from the previous close. WTI US crude oil futures at New York has fallen 14% so far in 2012 \$85.04 per barrel while Thailand efforts to intervene in the rubber market to shore up prices haven't been successful so far. It could buy only a small quantity of rubber sheets in comparison to its target of 200,000 tonnes it set in January allocating a budget of 15 bn baht or \$474 mn. Meanwhile, rubber stockpiles in China's Qingdao port has started increase following weak demand from downstream tyre makers. Qingdao port is the main shipment hub for the commodity used in tyres. In Kochi and Kottayam, the key rubber markets in India, RSS4 (Ribbed Smoked Sheet) prices is continuously falling and in the beginning of the week, prices have weakend by Rs 150 per 100 kg to Rs 19200 levels. At National Multi Commodity Exchange, weakening trend continued in rubber futures with June contract having fallen 2.4% in the past one month at Rs 19261 per 100 kg. Recent rise in petrol prices and decline in GDP growth to 5.3% in Q4,2011-12 have added to woes of this plantation crop, analysts said. In its natural rubber trends and statistics for May, Association of Natural Rubber Producing Countries (ANRPC) said that production this year is likely to be 10.47 million tonnes (mt) against 10.32 mt last year. China and Vietnam will be the major contributors to production growth. Production in China is likely to increase by 6.6%, while in Vietnam it is seen rising about 6%. Production in India may grow 2.9% to 9.19 lakh tonnes against 8.93 lakh tonnes last year.