

## **OUTLOOK-India rubber seen extending gains on thin supplies**

MUMBAI, Sept 17 (Reuters) – Natural rubber prices in India, the world’s fourth biggest producer, are likely to extend gains this week on healthy demand and as farmers curtail supplies, hoping prices would rise further.

The spot rubber price climbed 6 percent last week, while futures jumped 12 percent, mirroring gains in the world markets that rallied after the Federal Reserve launched an aggressive economic stimulus program.

The key October rubber contract on India’s National Multi Commodity Exchange was up 0.4 percent at 19,500 Indian rupees (\$360)per 100 kg by 0753 GMT, after rising to 19,598 rupees earlier in the day.

The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) in the Kochi market in Kerala rose 3.4 percent to 19,310 rupees per 100 kg.

“Everyday prices are rising by 1 or 2 rupees (per kg). It is giving farmers reason to hold back supplies,” said a member of the Indian Rubber Dealers Federation.

“Many farmers expect the price to rise above 200 rupees (per kg),” he added.

Supplies were also disrupted last week by heavy rainfall in Kerala, the country’s biggest producer of rubber, dealers said.

“Tyre makers kept lower inventory as prices were falling last month. Suddenly prices are rising. Now they want to replenish inventory, but suppliers are not ready,” said a dealer based in Kochi.

“Even imports are slowing down. Tyre companies have signed fewer deals for September delivery,” he said.

India’s natural rubber imports in August fell 17 percent on year to 14,870 tonnes.

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

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

(\$1 = 54.4150 Indian rupees) (Reporting by Rajendra Jadhav; Editing by Anupama Dwivedi)