

## **Falling rubber price lifts tyre stocks**

MUMBAI, DEC. 5:

Stocks of tyre companies rose by as much as five per cent on Monday on the back of falling rubber prices. On Wednesday, stocks such as MRF, Apollo Tyres, JK Tyre and Ceat gained as rubber prices fell.

The stock of MRF, in fact, registered fresh all-time high Rs 11,892 on the BSE.

Spot rubber price was ruling at Rs 162 a kg on Wednesday, while rubber future price on NMCE was about Rs 163-164/ kg. Rubber prices have been on a decline since September this year, said analysts. This is due to the on-set of harvest season, which sees supply increasing and prices easing.

Latex, the primary liquid source of rubber production, is collected for about a period of 4-5 months during the year, followed by the harvest season which typically lasts for three months from October to December.

According to a report by Angel Broking, raw materials constitute about 66 per cent of sales turnover and 70 per cent of operational cost in the tyre industry. Therefore, a drop in prices would mean increase in profit margins for the companies.

However, analysts also point out this may be offset by the drop in sales in the auto industry. They said that with the slowdown in the auto industry, the demand for tyres may fall.

On the BSE, JK Tyre stock moved up by as much as 5.1 per cent to Rs 120.50. MRF saw its stock touch a 52-week high of Rs 11, 639 a share, up Rs 458 or 4.1 per cent. A year back the stock had touched a 52-week low of Rs 6,471.

Apollo Tyres saw its share price gain about two per cent to Rs 86.50 a share, up 2.19 per cent, while that of Ceat moved up 2.38 per cent to Rs 107.50 a share.