

India rubber seen down on weak demand; rains eyed

MUMBAI, Oct 29 (Reuters) – Indian natural rubber futures are likely to edge lower this week on subdued demand from tyre makers, which are trimming local purchases to make room for cheaper imported rubber.

The key November rubber contract on India's National Multi Commodity Exchange provisionally closed 1.8 percent lower at 17,770 rupees per 100 kg on Monday.

The contract has lost nearly 8 percent so far this month.

The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) at the Kottayam market in top-producing Kerala state rose by 100 rupees to 17,900 rupees per 100 kg.

“Demand is weak. Tyre makers are raising imports. For them importing from Malaysia is still cheaper,” said Biju Thomas, a dealer.

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

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.

Rubber supplies in Kerala were disturbed in some places due to rainfall, Thomas said.

Kerala is likely to get heavy rainfall in the next three days, the Indian weather department said on Monday.

Supply disruption can limit the price fall, dealers said.

Rubber production in India peaks during October-January and starts falling from February.

Tokyo rubber futures eased off a one-week high hit earlier on Monday to close down 0.5 percent, tracking falls in crude oil and stocks.

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 Jijo Jacob)