

## **Rubber prices seen remaining soft on subdued demand**

KOCHI, NOV. 29:

Prices of natural rubber, which is now hovering around Rs 171/kg, is likely to remain soft in the short run on subdued demand.

A study carried out by the Agricultural Market Intelligence Centre (AMIC) of Kerala Agricultural University cited weak demand, economic slowdown, widening gap between domestic as well as global price, more dependence on import, growing inventory levels and soft crude oil prices as the reasons for prices to remain subdued.

K. Satheesh Babu, Professor and Principal Investigator, AMIC, pointed out that the domestic spot price of rubber is outpriced compared to its international price, compelling the corporate houses to resort to large scale imports.

It is reported that this imported rubber would constitute nearly one-fourth of the net consumption of natural rubber in India during the FY 2012-13 due to the widening gap between domestic and global prices, he said.

The build up of inventory due to the decision of the Tripartite Rubber Council (comprising Thailand, Indonesia and Malaysia) to impose a production and export cut from October 1 to March 2013 proved not only ineffective, but also provided ample room for non-member countries such as Vietnam to take advantage of the situation.

He said that the huge stock that has accumulated as a result would prove counterproductive and add pressure on rubber prices in the coming days when the peak production phase is to set in.

Besides, the sluggish demand in the automobile sector on account of the global slowdown had also impacted the tyre manufacturing segment very hard.

This has resulted in drop in production and sale of by 28.1 per cent and 23.8 per cent respectively in October, he said.

According to the revised rubber output by the Association of Natural Rubber Producing Countries, the production during the current year could be higher by 5.13 per cent over the last year, pegged at 108.6 lakh tonnes (103.3 lakh tonnes).