

Rubber futures seen steady; farmers hold back supplies

MUMBAI: Natural rubber futures in India are likely to tread water this week as farmers hold back supplies, expecting prices to rise, while tyre makers source some of their requirement from the overseas market to avoid the local high prices. On Tuesday, the key October rubber contract on India's National Multi Commodity Exchange provisionally ended 0.4 per cent higher at 19,105 rupees per 100 kg. The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) in the Kottayam market in Kerala rose 50 rupees to 19,200 rupees per 100 kg. "The supply situation is tight as farmers are not bringing material in the market," said N. Radhakrishnan, a dealer and the former president of the Cochin Rubber Merchants Association. "The weather has become dry in Kerala and tapping is going on full-swing. This should raise supplies after a week or ten days," he said. India imports natural rubber from Thailand, Indonesia, Malaysia and Vietnam. The benchmark Tokyo rubber contract edged higher on Tuesday as players rolled over contracts, but concerns about the health of the global economy triggered by weak German data weighed on sentiment, dealers said. Car sales in India fell for the first time in 10 months in August, and motorcycle sales fell for the first time since January 2009, an industry body said. India's natural rubber production in August edged up 2.5 per cent on year to 73,000 tonnes, the state-run Rubber Board said earlier this month. The world's fourth-biggest producer is likely to produce 942,000 tonnes of natural rubber in the current year, up from 899,400 tonnes a year ago.