

India: Free fall of rubber price continues

KOCHI: Natural rubber in the country's markets weakened further on Wednesday with rubber futures on the National Multi Commodity Exchange (NMCE) dropping 1.5%. This follows an over 2% drop in prices on Tuesday. The recent rise in petrol prices and a decline in GDP growth to 5.3% in the fourth quarter of 2011-12 have added to the woes of this plantation crop, analysts said. At NMCE, a weakening trend in rubber futures was noticed on Tuesday with June contracts dropping by 2.4% to Rs 19,261 per 100 kg. On Wednesday, June contracts were further down by 1.5% to Rs 18,979 per 100 kg. July and August contracts were trading at Rs 19,155 and Rs 19,040 per 100 kg, respectively on Wednesday. Commodities research firm Geojit Comtrade said in a report on Tuesday that RSS-4 (Ribbed Smoked Sheet) in the spot market is being quoted at its lowest since April-end while in the future market, prices have slipped to a five-week low. In Kochi and Kottayam, the two key rubber markets in India, RSS-4 prices have been continuously falling and in the beginning of the week, prices weakened by Rs 150 per 100 kg to Rs 19,200 levels. Prices of RSS-4 in the Kottayam and Kochi markets were Rs 19,200 on Wednesday. "Selling momentum gathered pace in the local market, tracking heavy losses in natural rubber prices in the global market. Anticipation of higher imports due to lower prices in the international market increased in arrivals amidst lackluster demand, and gloomy economic outlook is likely to build further pressure," the report said. Geojit Comtrade noted that a brief pullback towards Rs 19,140 – Rs 19,200 levels cannot be ruled out before the downtrend resumes. "However, prices are expected to have some level of support at Rs 18,950 levels. Consistent trades below Rs 18,950 may see weakness extending towards the Rs18,600 – Rs 18,500 region in the near term, Now, a close above Rs 19,400 is required to ward off the weakness," it added.