

OUTLOOK-India rubber seen steady as farmers trim supply

MUMBAI: Indian natural rubber futures are likely to remain steady this week near two-and-half-year lows hit last week as farmers trimmed supplies in response to lower prices and sluggish buying by tyre-makers.

The key January rubber contract on India's National Multi Commodity Exchange provisionally closed up 1 percent at 16,050 rupees per 100 kg, after hitting a low of 15,701 rupees last week, the lowest level for the first-month contract since March 2010.

The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) at the Kottayam market in top producing Kerala state was steady at 15,900 rupees per 100 kg.

"Farmers, traders are in holiday mood due to Christmas. Trading will remain negligible this week," said George Valy, president of the Indian Rubber Dealers' Federation.

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

"Demand is very weak. Tyre makers are not active. Farmers are also not in mood to sell at lower level. They think prices will move higher in January. They are waiting for price rise," Valy said.

Rubber prices in Thailand and Malaysia eased on Monday.

India's imports of natural rubber jumped 41 percent in November from a year earlier, to 22,748 tonnes, as lower overseas prices prompted tyre-makers to look abroad, the state-run Rubber Board said.

The country is likely to produce 942,000 tonnes of natural rubber in the current year, up from 899,400 tonnes a year earlier.