

India Rubber prices witness revival but may remain range bound

MUMBAI,INDIA: India Rubber prices have seen a revival in early September after a slump in August with automobile sales expected to pick up momentum during the festive season that has begun. Automobile industry demand accounts for close to 50% of natural rubber demand in the country. Spot prices monitored by Rubber Board of India has climbed from Rs 169 per kg for RSS 4(Ribbed Smoked Sheet) to Rs 173.50 on September 6 but is still Rs 8 costlier than prices in Thailand. India's rubber acreage has expanded 3.6 per cent in 2011-12 over the previous year. The annual growth in rubber cultivated area in 2011-12 is comparable to the growth recorded in the last two years at 3.6 per cent and 3.7 per cent, respectively. The tapped area under rubber stands at 4.63 lakh hectares provisionally for 2009-10, according to Minister of State for Commerce and Industry, Jyotiraditya Scindia. At National Multi Commodity Exchange of India (NMCE), October rubber futures have climbed 16970 per 100 kg on Thursday trading with support levels seen at Rs 16800, 16700 while resistance is seen at Rs 17,000, 172,000, according to Sreekumar Raghavan, Chief Commodity Strategist at Commodity Online Group, the promoters of Rubber Country. The recent uptrend in prices is accompanied by higher volumes and open interest. Trade volumes have risen to 30702 contracts as against 25000 levels earlier while turnover has risen to Rs 3688.61 lakh on Wednesday. In the near term, the Eurozone crisis and weak India GDP growth at 5.5% levels will continue to impact rubber demand with manufacturing revival not immediately expected, Sreekumar Raghavan added. According to the Association of Natural Rubber Producing Countries, natural rubber production from key growers may expand 4.7 percent in 2012 from last year to 10.83 million metric tons.