

India: Natural rubber output grows 3% in December

KOCHI: Natural rubber production has registered a healthy growth rate of 3% during December while consumption has continued to record a negative growth. Natural rubber imports have shown a 23% rise for the nine months this year.

All these indicate that the rubber prices could rule lower in the coming months. The spot price of RSS-4 , used by tyre manufacturers, touched Rs 161 on Wednesday.

Near-month futures prices on National Multi Commodity Exchange (NMCE) are showing a slight increase. The February contract for delivery ruled at Rs 164 per kg. NMCE reported the largest-ever delivery of 1,544 tonne for a December contract.

“This is an indication that there is a seamless integration of spot and futures prices at the time of the delivery of contract. Farmers are still using our warehouses for hedging the risk and the delivery for the January contract could be higher ,” said Narayan Rai, vice president of settlement at NMCE.

Production was down during October and November while consumption has been declining since November. For the ninemonth period of April-December 2012, production registered a 1.7% rise at 6,93,200 tonne while the growth in consumption declined 3.2% to 7,42,330 tonne, according to Rubber Board.

For December alone, the drop in consumption has been 8% because of a dip in auto sales. With global prices ruling around Rs 20 higher than the domestic spot price, there has been a good export demand.

“In fact, the active buyers in the market are exporters . Otherwise, no supply is coming to the market although Rubber Board data put the stock at December end at 2.9 lakh tonne,” said Biju John, proprietor of CPM Spices Corporation. A leading rubber dealer said that already 2,000 tonne rubber has been contracted for exports and the quantity could go up in the coming months.