

## **OUTLOOK-India rubber seen up on demand, overseas cues**

MUMBAI, Dec 17 (Reuters) – Indian natural rubber futures are likely to rise this week on an upside in overseas prices and good demand in local spot markets, though rising supplies are seen restricting the upside.

Tokyo rubber futures jumped 3 percent to a seven-month high on Monday on a weaker yen and a landslide victory in Japanese elections by the LDP, signalling aggressive monetary easing that could boost a fragile economy and push demand.

The key January rubber contract on India's National Multi Commodity Exchange was up 0.2 percent at 16,635 rupees (\$300) per 100 kg at 1125 GMT.

The spot price of the most-traded RSS-4 rubber (ribbed, smoked sheet) at the Kottayam market in the top producing Kerala state was steady at 16,300 rupees per 100 kg.

“Local demand-supply scenario is very much balanced,” said a dealer based at Kochi market in Kerala. “But global factors, especially buying from China, can lift the prices.”

China, the world's largest rubber consumer, will cut import taxes on two types of natural rubber products for 2013, the finance ministry announced on Monday, in a move that could spur imports.

Indian tyre makers were buying to build inventory for lean supply seasons starting from February, but they can trim purchases if local prices rise sharply, dealers said.

“Tyre makers are comfortable with current prices. We can see some moderation in demand if spot prices rise above 170 rupees (per kg). Tyre companies have already imported large quantities,” said a Kottayam based dealer.

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

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 turn 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. (\$1 = 54.5500 Indian rupees) (Reporting by Rajendra Jadhav; Editing by Subhanshu Sahu)