

Rubber imports may rise to new highs due to tight supplies

KOCHI: Tight supply conditions in rubber and pepper could take the import of the two important commodities to new peaks this year. Pepper production has hit an all-time low while rubber supply is down to a trickle even during the peak tapping season.

Imports look attractive despite the fluctuation in the rupee-dollar rate as there is a big difference in global and domestic prices of rubber while pepper is available at a cheaper price from other origins.

The global price of rubber used by tyre companies is at Rs 167 per kg, which is around Rs 25 cheaper than domestic prices. Block rubber, now widely used in tyre production, is priced at Rs 150 per kg in global markets, which is over Rs 40 below the Indian sheet rubber price.

Rubber imports, mostly under the advance licence scheme, are inching close to 1 lakh tonne, around 23% higher than the volume shipped during the same period in the previous year. Last year, rubber imports touched a record 2.05 lakh tonne. “Fundamentally, there is no reason why Indian rubber prices should remain at such a level when international prices are low,” said Dr Binoi K Kurian, deputy director, marketing of Rubber Board. Bullish trend in the futures market, hoarding by farmers for want of better prices and a spurt in demand seem to have influenced the Indian rubber prices.

Tyre companies are looking to buy during the peak season as their inventory has depleted. “Demand has not picked up to our satisfaction but there is some movement. We hope the diesel price increase will not affect the sentiment,” said Rajiv Budhraj, director general of Automotive Tyre Manufacturers’ Association. Because the supply was tight, companies would resort to more imports, he added.