Rubber prices falls on higher global output, lower China demand

TOKYO (Commodity Online): Despite firm Brent crude oil prices, the higher global natural rubber output and lower demand from China, one of the major consumer of rubber, has weighed heavily over the price of the commodity in the global market. The commodity in Tokyo Commodity Exchange (TOCOM) for November delivery dropped 3.2 yen to 234.1 yen per Kg on Monday. According to International Rubber Study Group, global rubber production is expected to be 7.8% higher to 11.8 million tonne in 2012. In addition to the surplus production, car sales in China from January to May this year grew just 3.2% compared to two previous two years. According to Hong Kong Shanghai Banking Corporation (HSBC) Flash Purchasing Managers Index, China's industrial activity fell to a seven-month low of 48.1 in June from 48.4 in May. All these factors pulled the prices of the commodity downwards on Monday after rebounding from 2-1/2 year low on Friday. Meanwhile, the demand for rubber in India is expected to remain steady as the demand for auto-mobiles is expected to grow at a decent rate. According to Society of Indian Auto-mobile Manufacturers (SIAM), India's auto-mobile sales is expected to grow 10% in FY13. For July delivery, rubber futures in TOCOM traded down 4.7 yen per Kg and in India, the commodity traded at Rs 18450 per qtl on 25th June at 14:45 IST.