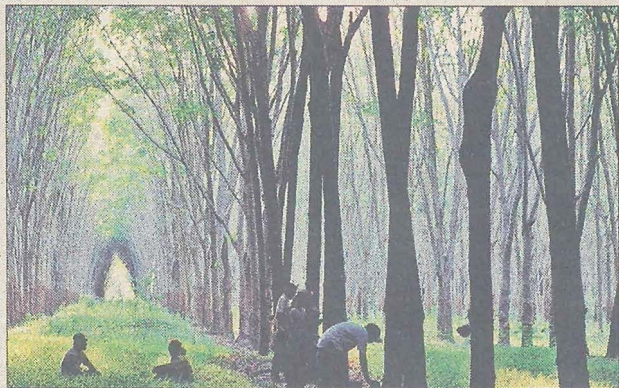




Rubber Falls on Signs of Tepid Growth




Production enters lean season

 Rubber production in the country has entered a lean phase with the onset of monsoon and the decline in output is expected to push the prices further up. However, the prices have seen a decline throughout the last one month. Spot prices stood at Rs 227 per kg on June 15. They fell to Rs 216 per kg by June 25 and to Rs 207 per kg by June 28 but inched up to Rs 210 per kg on Saturday. Market sources attributed the price fall to the decision by a few tyre companies to keep away from the market. Signs of a continued economic slowdown and less offtake by China have also affected the market sentiments.


International prices remain weak

 Global markets too registered a steep fall in June 2011. Prices stood at Rs 236.36 per kg on June 1 but declined to Rs 227.72 per kg by June 20. On Saturday, the prices stood at Rs 207.13 per kg. With the economic growth getting affected in many countries, market sentiments are weak. However, the latest estimates show that the supply from the Association of Natural Rubber Producing Countries (ANRPC) is likely to fall 3% during the April-to-June quarter. But the reports have not led to a hardening of prices.

Supplies continue to be tight in local market

 Supplies continue to be tight in the domestic market, according to traders. Rubber is usually offloaded into the market when prices fall. If rubber has not come into the market, it means that there is a genuine shortage in the sector, said a trader in Kochi. Meanwhile, a few major tyre manufacturers are keeping away from the market due to issues related to the futures market, they said. This has affected prices in both futures and spot markets.

Imports turn attractive as global prices fall

 International prices have seen a sharp fall in the recent weeks making imports attractive. The industry has kept imports at a high level. The slow growth in automobile industry has also contributed to a fall in prices. If monsoon gets prolonged like last year, supply will be affected and prices will harden.