

# Natural rubber demand-supply gap narrows

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The gap between production and consumption of natural rubber (NR) narrowed in November. Though consumption grew at a much lower pace than production, the gap at November-end fell to 57,515 tonnes from 70,725 tonnes in April-October.

During April-November, consumption increased 0.7 per cent due to the economic slowdown and the euro zone crisis, while production increased 4.9 per cent. Still, there was a marginal increase of 0.2 per cent in the cumulative consumption in April-October.

Average consumption during April-November increased to 632,615 tonnes, as against 628,240 tonnes in the same period of the last financial year. According to provisional figures of the Rubber Board, total production increased 4.9 per cent to 575,100 tonnes as against 548,150 tonnes.

Production of NR in November increased 4.3 per cent to 94,400 tonnes compared to 90,500 tonnes during November 2010. Monthly consumption increased seven per cent to 82,000 tonnes compared to 78,010 tonnes.

## Tyre sector hit

Most tyre companies in India are facing severe problems on the demand side, due to low automobile sales. This caused a drastic reduction in the demand from the original equipment (OE) segment for the last few months. Industry sources said the improvement is not an indication of better status of rubber-based industries.

Leading rubber dealer and former president of the Cochin Rubber Merchants

Association, N Radhakrishnan said tyre production had picked up pace marginally, but the non-tyre sector was still under pressure. The slight increase in consumption is because of the improvement in tyre production.

Tyre companies are buying rubber as prices are comparatively low now. But, the crisis of small and medium non-tyre units is continuing and a large number are on the verge of closure, he said. According to information from the All-India Rubber Industries Association, 500 such units have shut shop.

According to Rajiv Budh-  
raja, director general, Autom-  
otive Tyre Manufacturers'

Association, the slowdown in the tyre sector continues. Tyre production increased seven per cent in April-October as against a double-

digit increase in the same period last year. The production of truck/bus tyres was flat, while car tyre output increased three per cent. Radhakrishnan said prices would move on a steady note as rich farmers are holding stock for better price realisation. Also, global supply is low due to poor production in Thailand, the world's largest NR producer, due to rain and floods. Supply is expected to fall 5.6 per cent in 2011.

## Import, exports

Though the local market is not having enough rubber and the prices abroad are lower than in India, imports have declined in the current year. Total imports during April-November were 111,899 tonnes as against 152,658 tonnes in the same period of last year.

Meanwhile, exports were up 430 per cent to 20,784 tonnes as against 4,798 tonnes in the same period last year.

**The gap at the end of November fell to 57,515 tonnes from 70,725 tonnes in April-October**