

Global natural rubber demand to be low this year

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The global natural rubber (NR) market is likely to be in a bearish mode this year. The latest report of the Association of Natural Rubber Producing Countries (ANRPC) on trends and statistics indicates a weak demand outlook will keep the market dormant.

According to the report, global demand for NR has slowed to one per cent in 2011, while the growth in supply may go up to 6.4 per cent. In November last year, the association had projected a 0.8 per cent fall in demand.

The global economic turmoil, especially the deepening euro zone crisis, has affected the demand for natural rubber. A large number of rubber-based small and medium scale units are in crisis. Even major tyre companies of the south-east Asian region find it hard to cope with the deepening crisis. The supply-demand mismatch and slowdown in consumption is likely to keep the market bearish in 2012.

Production will be up in major producing countries, including India, during the November-January period, as it is the peak season. In India, during April-November, consumption rose 0.7 per cent, while production rose 4.9 per cent. This made prices of the RSS-4 variety fall to ₹195 a kg from ₹200 a kg on the closing day of last year and ₹204 a week ago. The domestic market registered a peak level of ₹244 a kg in April 2010. The global price was almost steady today at ₹178, though very low compared to the domestic tag.

According to experts, the change in the economic turmoil would decide the course of action in the NR market and if it worsens, it would be a tragedy for the natural rubber plantations in all major producing countries.