

Domestic Rubber Prices Surge Above ₹200/Kg

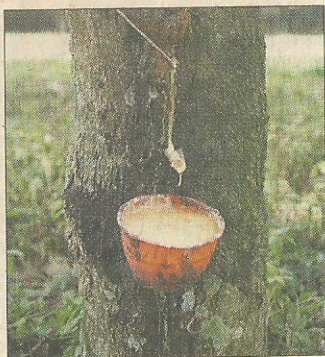
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Rubber prices have rebounded to above Rs 200 per kg in the local market as tyre manufacturers step up procurement spurred by higher automobile sales.

Growers are willing to release the stock into the market as the current level of price is around Rs 20-25 higher than the international market, which has been hit by the debt crisis in Europe.

Improved sales in the passenger car segment have led tyre makers to make more purchases. Since the local rubber prices were hovering below the Rs 200/kg mark, the growers were reluctant to go on a selling mode. But on December 5, the price of RSS-4 variety, used by the tyre makers, moved up to Rs 201 per kg and it went up to Rs 204 before falling by Rs 3 on selling pressure a few days later.

The tyre makers are exploring both options: they are importing as well as making local purchases. "Even with rupee at Rs 52 a dollar, the imports are more viable at the current level of global prices. We will complete the import quota allowed by the government at reduced duty by the end of December," said Swaranjit Singh, materials director at JK Tyres, adding that the tyre company is also making use of the peak production season in the domestic market.



The rubber production has grown by 4.9% to 5,75,100 tonne in the April-November period. For the given period, the consumption rose by just 0.7% to 6,32,615 tonne. Unlike the passenger car segment, the demand in OEM and truck tyre sectors has remained subdued. The rubber imports are rising though overall imports for the eight-month period are still down by 26%.

The delay in the landing of imported rubber could have forced tyre makers to buy more from the local market. "They were expecting it in early December but looks like towards the end of the month. The growers are willing to sell above Rs 200 as the international prices are over Rs 20 lower," said George Valy, president of the Rubber Dealers Association.