

Rubber Growers Hold Stock Amid Subdued Demand

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As natural rubber price hovers around Rs 190 per kg, growers are reluctant to sell the produce. Though demand is subdued, a sluggish trend in international prices is keeping imports steady.

The production of natural rubber for the nine-month period ended December 2011 showed a 4.3% rise to 6,79,100 tonne. Consumption for the same period went up by 1.2% to 7,17,485 tonne. But growers are reluctant to sell at the current prices and are expecting a price above Rs 200.

“Probably, they are thinking of holding the stock for a month, expecting that the prices will go up. But if global rubber prices continue to remain low, the trend will be reflected in local prices as well,” said N Radhakrishnan, former president of Cochin Rubber Merchants Association. Rubber Board’s production target in the current year is 9.02 lakh tonne compared with 8.62 lakh tonne in the previous year. The board reckons that this may be achieved. The near-month futures contract is showing a slightly higher price of Rs 192 per kg. “A price consolidation around Rs 190 per kg is happening and this will remain till more quantity is released into the market,” said Biju John, proprietor of CPM Spices Corporation. He said prices may rise if the debt crisis



in Europe is resolved.

Total imports for the April-December period was 1,33,693 tonne. This includes 40,000 tonne imported at reduced duty and the quantity brought in through advance licence. The tyre industry is maintaining the same level of import for January as did in December to take advantage of the plunging global rubber prices.

“The auto industry is yet to show a good growth. But tyre makers continue to import because of the low prices abroad,” said Rajiv Budhreja, director general of Automotive Tyre Manufacturers’ Association.

Global prices are ruling below Rs 180 per kg this month and stood at Rs 179 per kg on Tuesday. A fresh initiative by Thailand to lift rubber prices may stabilize the prices in the coming weeks. Resumption in rubber purchase by China will impact the prices.

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