

Global rubber output up 8.2% in 2011

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Natural rubber production from the Association of Natural Rubber Producing Countries (ANRPC) increased by 8.2 per cent to 102.62 lakh tonnes in 2011, up from 94.88 lakh tonnes in 2010. But rubber production in January and February 2012 is expected to fall by 1.2 per cent, while consumption is expected to increase by 3.5 per cent.

The falling trend in global rubber production comes in the backdrop of favourable conditions emerging for raw material markets during the last couple of weeks, the ANRPC pointed out. Domestic consumption this year is anticipated to be higher by 4.7 per cent and touch 10.02 lakh tonnes.

The yielding area in India is

expected to expand by 15,000 hectares this year.

This includes 24,300 hectares of trees planted during 2005 and a small portion of 29,900 hectares of trees planted in 2006, which will come under tapping this year.

However 15,000 hectares under rubber trees will be uprooted for replanting. Apart from this, a small extent of yielding trees in the traditional region is expected to be discarded for other land-uses.

As regards the average yield, there are several constraints for India to improve from the current level, the ANRPC said. The sharp rise in the proportion of aged trees has been holding back productivity spurts in the recent past. Secondly, the production from low-yielding non-traditional areas would

also be looking up. The growth in tender-yielding trees from 2012 is also expected to constrain productivity.

Geopolitical tension focused on Iran and the seasonal higher winter demand has resulted in crude oil prices spurting up. This also will have a positive impact on rubber prices, ANRPC said. With Brent crude oil price rising from around \$108 a barrel during the last week of January to touch around \$123 a barrel during the last week of February, natural rubber prices could rise, based on possible substitution from synthetic rubber to natural rubber. Strong positive influence of crude oil market on natural rubber prices has been evident since the beginning of February, the association said.