

Tyre stocks to enjoy smooth ride on weak rubber

Tyre stocks such as Apollo Tyres, JK Tyre, MRF and Ceat could see some buying interest on weak rubber prices. With natural rubber constituting nearly 45 per cent of the total raw material content in a tyre, the sharp fall should help in boosting tyre manufacturers' bottom line. Spot rubber prices in major wholesale markets of Kerala fell sharply on Friday and slipped below the psychological level of Rs 19,000 for 100 kg. According to commodity experts, the prices are unlikely to see any revival, as bulk buyers prefer to stay on the sidelines eyeing cheaper imports as global prices are trading below domestic rates. Rubber futures on the Tokyo Commodity Exchange ended 2.4 per cent lower at 237.6 yen a kg. On the National Multi-Commodity Exchange of India, the most-active July rubber contract ended at Rs 18,598 for 100 kg on Friday, down Rs 399 from the previous day close. However, any adverse order from the Competition Commission of India (CCI), which has been probing the alleged cartelisation by tyre manufacturers, could derail tyre stocks. The order is expected to be out soon.