

NR prices surge at tail end of peak season

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IN THE TAIL end of the peak season of latex harvesting, market has witnessed a long-due price rise for domestic NR (natural rubber). From ₹120 per kg in the first week of November, the price of premium grade RSS-4 has crossed ₹137 per kg this week, and expected to touch ₹150 per kg by month-end.

The bullish trend for NR is likely to stay for a couple of months, according to KN Raghavan, executive director, Rubber Board of India. Usually, in the peak-production season (October-to January), Indian NR price shows tendencies of downslide. The board evaluates the outbreak of Pestalotiopsis disease in rubber plantations in top three NR producing countries like Thailand, Indonesia and Malaysia and the subsequent fall in international supply as one of the top factors in jacking up the demand of domestic NR.



According to the Association of Natural Rubber Producing Countries, global NR production in January-July 2019 fell 7.3% (year on year) to 7.04 million tonne.

Meanwhile, rubber futures are also on a green patch. On Indian Commodity Exchange, the most active February contract ended at ₹14,245 per 100 kg this week, up 1.7% from the previous level. "We maintain a cautiously bullish view and expect prices to move higher," Akshay Agarwal (Acumen Capital), commodity market analyst, told *FE*.

Earlier, Rubber Board had rolled up the

production, consumption and import targets for NR in the current fiscal year, in the wake of the growing vagaries in the global and domestic economy. The projection for production in 2019-20 was revised to 7,30,000 tonne, trimming as much as 20,000 tonne from the earlier target. The new consumption target for the year is 11,40,000 tonne, as against earlier 12,70,000 tonne.

"Besides the demand-pull price surge due to the international market conditions, there is immediate supply crunch too in domestic level. Because of rains in November and December, the peak season started late and there is yet to be enough stock movement from plantations," says Mathew Thomas Kalarikkal, a rubber grower.

The bad tidings for the growers would be that since 30% of the plantations was left untapped for the large part of the peak season, the domestic producers may not have enough stocks to feast on the unexpected price high.