

Domestic and Export Trade:

Domestic Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		7.2.2014	31.1.2014	
Kottayam	RSS-4	14400	14200	200
	RSS-5	14200	13950	250
	ISNR-20	14100	13850	250
	Latex (60% drc)	11735	11575	160
Cochin	RSS-4	14400	14200	200
	RSS-5	14200	13950	250

The domestic RSS-4 prices rose 1.4% compared to previous week. In Kottayam the RSS-4 prices were quoted at around Rs 14400 per 100 kg slightly higher from previous week.

The Kerala government had announced the open market procurement of rubber from the growers in the state would remain till prices reach Rs 171 per kg. The state procured rubber was priced Re 1 above the open market price.

Till December 31, 264,576 tonnes were imported by India mainly from Indonesia; further 30,000 tonnes are expected to be imported during January-March. Hence, the prices are expected to remain under pressure in near-term.

Weak global and domestic rubber market outlook, viable imports for India, fall in crude oil will keep the domestic rubber market under pressure in near-term. However, approaching lean tapping period may limit the fall.

International Development and Impact:

The natural rubber declined further during the week in international market due to the slowdown and weak investor's confidence. There was no fresh demand from the tyre manufactures during the period.

Further, higher inventories in China and Japan with recent Chinese imports from Thailand taking advantage of the temporary export duty relief remained bearish for the global rubber market.

China has reportedly bought 2.47 Mn T in 2013, rise of 13.5% from previous year. Thailand's half of exports volume was supplied to China alone. The China's rubber stocks inspected by Shanghai Future Exchange rose to 190,158 tons second week of Jan is considered to be the highest figure since 2004.

International Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		7.2.2014	31.1.2014	
Bangkok	RSS-1	13317	13738	-421
	RSS-2	13203	13625	-422
	RSS-3	13098	13521	-423
	RSS-4	13041	13464	-423
	RSS-5	12955	13379	-424
	SMR-20	-	-	-
	Latex (60% drc)	-	-	-
Kuala Lumpur	RSS-1	-	-	-
	SMR-20	11635	12017	-382
	Latex (60% drc)	8655	8711	-56

Apart from these factors, Thailand, Indonesia and Malaysia, major rubber producing countries are entering in the dry wintering season in coming month, which will naturally lead to supply crunch which will eventually lend support to the rubber prices.

Further, auto sales in China have marked record 21.98 million units in 2013, up 14% from 2012.

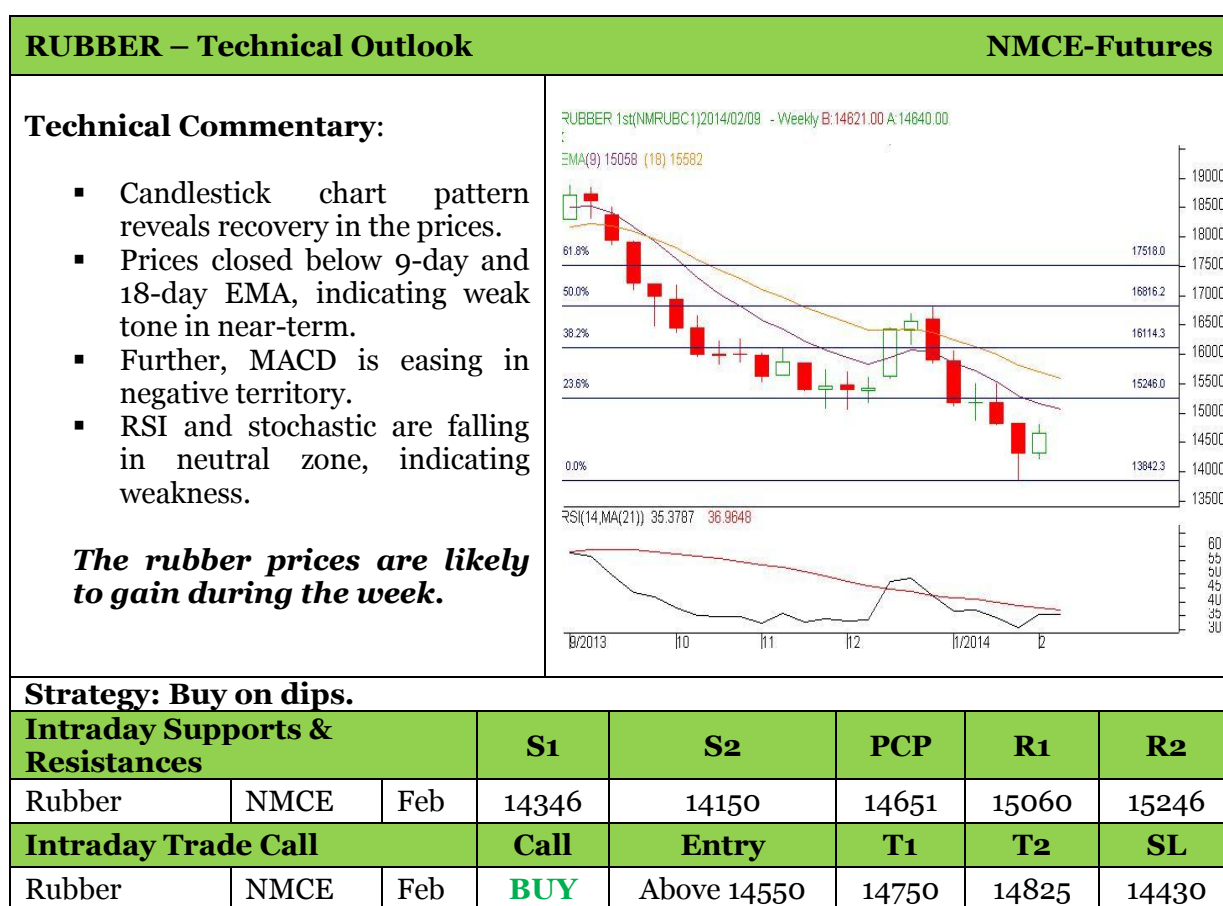
The international rubber prices are likely to recover on the aforesaid factors.

Outlook and Recommendation:

Spot: The domestic prices are likely to recover in coming weeks with the tapping season coming to an end in December; this keeps the domestic rubber prices up in the fourth quarter. Besides, expected recovery in global rubber market on weak Yen, dry wintering season in major producing countries .

Tug of War

Bulls	Bears
Kerala Government's decision to procure rubber at Rs 1 above the market price	Weak global rubber market sentiments.
Dry wintering season in major producing countries.	Higher rubber inventories in China and Japan.
Upward revision in India's import duty.	
Remarkable growth in Chinese automobile industry.	



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