

Domestic and Export Trade:

Domestic Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		17.2.2014	7.2.2014	
Kottayam	RSS-4	15400	14400	+1000
	RSS-5	15200	14200	+1000
	ISNR-20	15100	14100	+1000
	Latex (60% drc)	12205	11735	+470
Cochin	RSS-4	15400	14400	+1000
	RSS-5	15200	14200	+1000

The domestic RSS-4 prices rose 6.94% compared to previous week. In Kottayam the RSS-4 prices were quoted at around Rs 154400 per 100 kg higher from previous week.

The natural rubber imports fell to 19,696 tons from a year earlier due to hike in the import duty in January. While, India imported 24,505 tons of natural rubber during the same period of the last year – Rubber Board.

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.

Gains in the international market and Kerala Cabinet meeting regarding the implementation of the rubber procurement support the sentiments. Moreover, gains in the crude oil prices support the market in the near term.

International Development and Impact:

The natural rubber gained during the week in international market due to the weaker yen and gains in the crude oil prices.

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
		17.2.2014	7.2.2014	
Bangkok	RSS-1	13755	13317	+438
	RSS-2	13640	13203	+437
	RSS-3	13535	13098	+437
	RSS-4	13477	13041	+436
	RSS-5	13391	12955	+436
	SMR-20	-	-	-
	Latex (60% drc)	-	-	-
Kuala Lumpur	RSS-1	-	-	-
	SMR-20	12237	11635	+602
	Latex (60% drc)	8922	8655	+267

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.

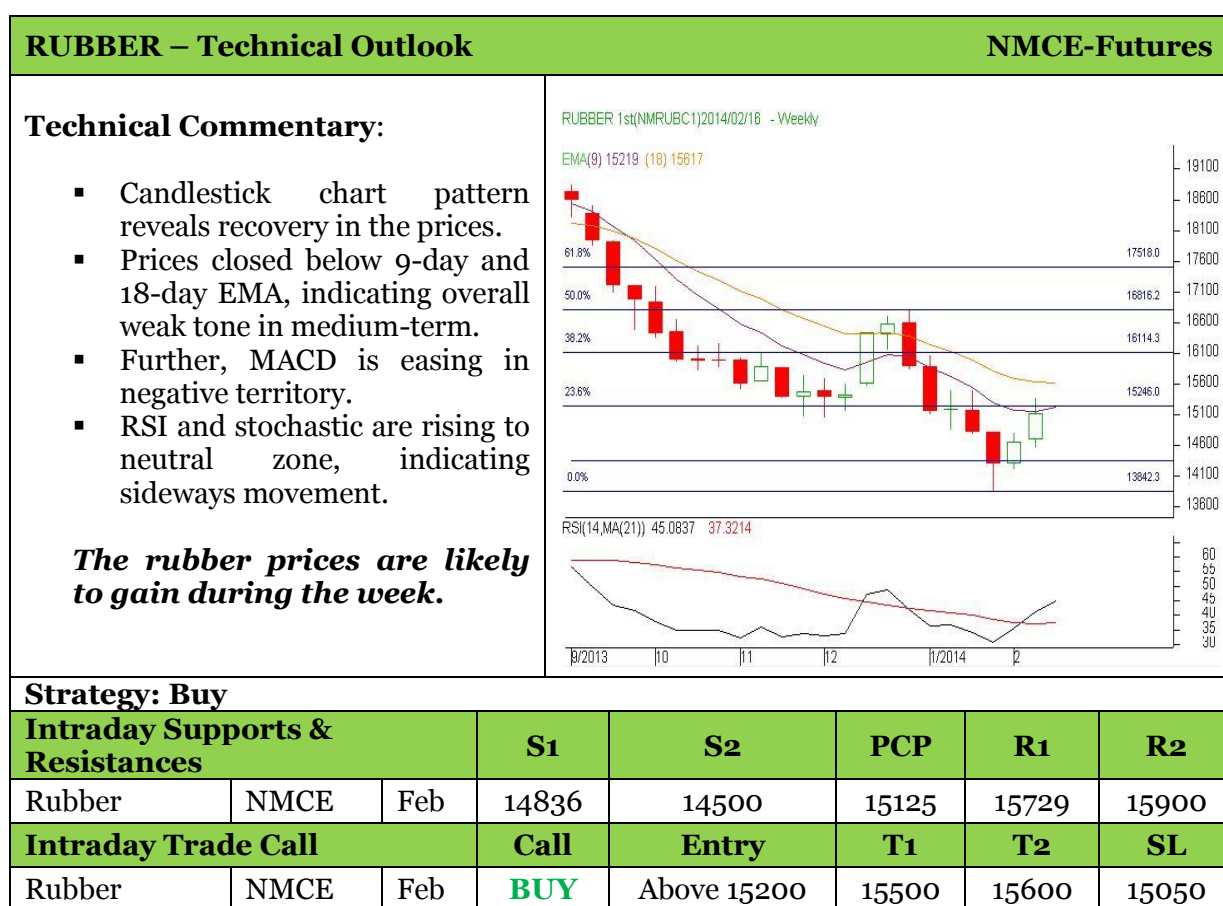
The international rubber prices are likely to recover on the aforesaid factors.

Outlook and Recommendation:

Spot: The domestic prices are likely to recover in the coming weeks.

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.	



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>