

Domestic and Export Trade:

Domestic Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		7.3.2014	28.2.2014	
Kottayam	RSS-4	14650	14950	-300
	RSS-5	14500	14700	-200
	ISNR-20	14350	14400	-50
	Latex (60% drc)	11575	12050	-475
Cochin	RSS-4	14650	14950	-300
	RSS-5	14500	14700	-200

The domestic RSS-4 prices fell 2% compared to previous week and it fell about 4% in last fortnight. In Kottayam the RSS-4 prices were quoted at Rs 14,650 per 100 kg which was Rs 14,950 in the last week of Feb.

The fall is primarily attributed to sluggish buying during the week in review. There was no genuine buyer in the Indian market mostly during the period. Besides, the buyers were in wait and watch situation on concern over Chinese economy.

Further, the import in rubber is still viable despite rise in import duty in the same. This is because the manufacturing companies have advance licenses for duty free imports. Therefore, the supplies are unlikely to hit in coming months despite fall in rubber production this season. India's natural rubber imports in February 2014 doubled to 18,141 tonnes to meet the tyre manufacturer's demand. It was already estimated that India will import around 30,000 tonnes during January-March mainly from Indonesia. Hence, the prices are expected to remain under pressure in near-term.

Reports of severe dry weather in Malaysia, Indonesia and Thailand and talks of possible El Nino this year is expected to gradually push up the NR prices. Malaysia, Indonesia and Thailand produce almost 70% of the global natural rubber

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 edged-up tracking gains in Japanese Nikkei 225 Index and fall in Yen against US dollar.

Low production season and talks about a possible El Nino this year associated with dry weather conditions in Asia remained positive for the natural rubber.

On the production side, natural rubber production in Thailand, Indonesia, and Malaysia have declined significantly during the week primarily due to severe dry weather in the rubber belts in the three countries.

International Rubber Prices

Centers	Category	Price (Rs/100 Kg)		Chg
		7.3.2014	28.2.2014	
Bangkok	RSS-1	13992	13628	364
	RSS-2	13878	13514	364
	RSS-3	13774	13409	365
	RSS-4	13717	13352	365
	RSS-5	13631	13266	365
	SMR-20	-	-	-
	Latex (60% drc)	-	-	-
Kuala Lumpur	RSS-1	-	-	-
	SMR-20	11983	11688	295
	Latex (60% drc)	9252	9156	96

However, weak Yen against US dollar and Nymex crude oil above the support level of US \$90/barrel is still a positive sign for international rubber. 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.

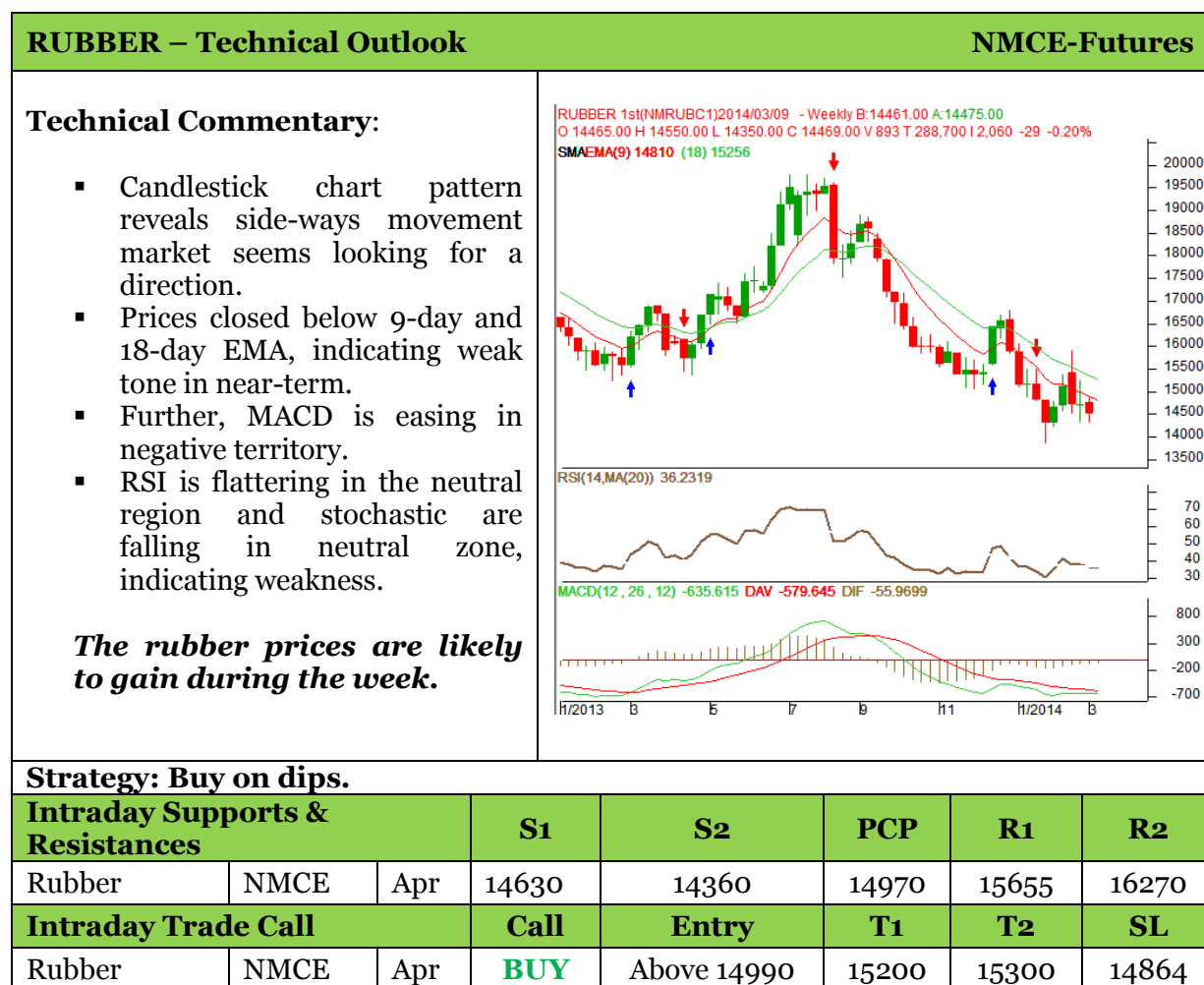
The international rubber prices are likely to recover on the aforesaid factors.

Outlook and Recommendation:

Spot: The domestic prices are likely to recover in coming weeks due to lower production and expected bullish global supply scenario followed by sever dry weather and talks of possible El Nino this season in affecting the NR production in the major Asian producing countries.

Tug of War

Bulls	Bears
Crude oil, WTI, hovering above US \$ 100 a barrel.	Sluggish buying in Indian market.
Talks of possible El Nino this year. Severe dry weather in Thailand, Indonesia and Malaysia.	Disappointing set of manufacturing figures from China.
India's natural rubber production in February fell to 60,000 tonnes from 62,000 tonnes a year ago.	-
Weak Japanese Yen against US dollar.	-
Currently NR is in low production period due to wintering season in major producing countries.	-



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>
 © 2014 Indian Agribusiness Systems Pvt Ltd.