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# RUBBER FUTURES



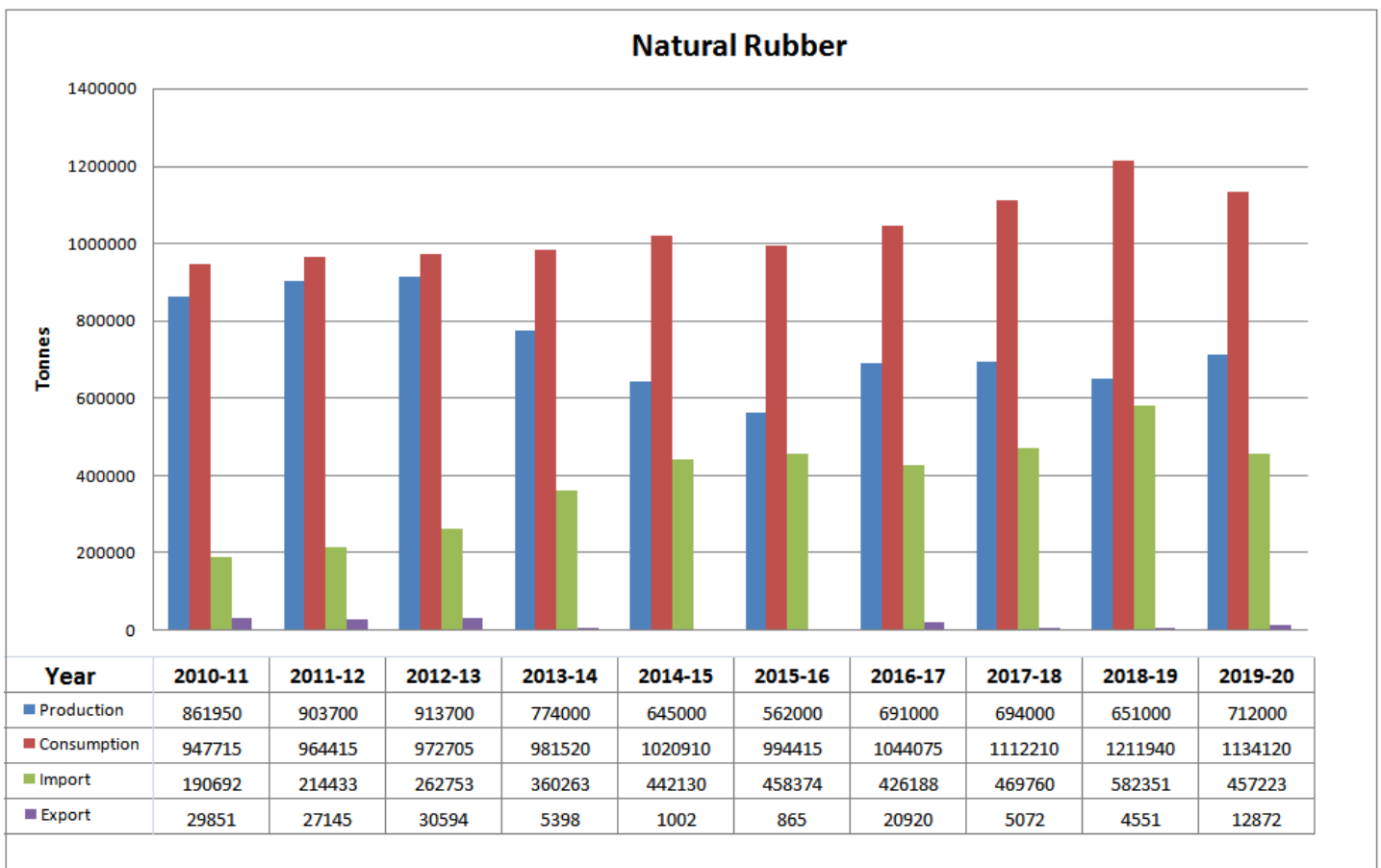
**Natural Rubber is an elastic polymeric substance made from the latex of Hevea Brasiliensis trees. The latex is collected by the process of tapping the plant and is refined and converted into storable and commercial form.**

**APPLICATIONS:-**

Rubber caters to a spectrum of diverse industries like automobile, aeronautics, electrical and electronics, materials handling, health care, power transmission and has a host of other applications.

**# GLOBAL SCENARIO -- Demand & Supply:**

Worldwide consumption for natural rubber has increased steadily in the recent decade and the Asian story continues to drive demand for the raw material. **Thailand, Indonesia, India, China, Malaysia, Vietnam are the major producers of rubber.** The global production was projected to be close to 13.7 million tons in 2019. Global natural rubber consumption was projected to be close to 13.6 million tons in 2019, of which approx. 6.5 million tons was consumed in India and China alone. **Around 50-60 % of the global rubber production is used by the tyre manufacturing sector.** In this sector, natural or synthetic rubber cannot be used individually and has to be blended.



**# INDIAN SCENARIO – Demand & Supply:**

India's stands at sixth place in the production of natural rubber and second place in world consumption. Even though the total consumption in the country exceeds production, India manages to export natural rubber as and when there is a price gap between the international market and the domestic market. Indian natural rubber is the preferred raw material because of its unique qualities, when compared to other elastomers, including synthetic rubber.

**Kerala is the main area of cultivation which covers 80 % of the total sown area.** A majority of the cultivation is concentrated in Kottayam, Pathanamthitta, Kollam and Idukki districts. The other major contributors are Tamil Nadu, North East Region mainly Tripura, Assam followed by Karnataka.

**# Patterns of consumption:**

The main use of natural rubber is in automobiles. Nearly 65 % of natural rubber is consumed by automobile industry. Natural rubber is the main component in heavy duty tyres. Besides, NR is used for manufacture of bicycle tyres and tubes, hoses, conveyor belts, foam mattresses, footwear, balloons, toys and several other products of daily use. It also has engineering application in shock absorption, vibration isolation and road surfacing.

FACTORS INFLUENCING PRICE OF RUBBER
• Global & Domestic production
• Global & Domestic consumption
• Weather conditions
• Carry over stock position
• Currency movement
• Crude Oil Prices

**# Crop cycle & Seasonality:**

Rubber plants generally have 32 years of economic life but they may live up to 100 years or even more than that. The plantation would start its yield from 6th year onwards. The natural rubber produced is processed to convert into a storable and marketable form. In India, the peak season for harvesting Rubber is from October to January, while the relatively leaner period is during monsoon. However, Rubber is available throughout the year.

**# Warehouse facilities in the cultivation area:**

As per trade estimates, Palakkad, Kerala State (Within 100 Kms) has sufficient warehousing capacity as it is one of the major production hubs for Rubber.

**# Contract Specifications:**

PARAMETERS	SPECIFICATION
<b>Symbol</b>	<b>RUBBER</b>
Trading & Delivery unit	1 MT
Price quote	Rs per Quintal (100 Kg)
Tick size	Re 1
Profit / Loss Per Tick	Rs. 10
Market Timings	9:00 am – 5 pm (IST)

PARAMETERS	SPECIFICATION
Quality	RSS4
Delivery Center	Palakkad, Kerala
Expiry date	Last calendar day of the contract expiry month
Staggered delivery period	Last 5 trading days
Settlement type	Compulsory delivery

**# Key advantages of the RUBBER Contract:**

- Historically liquid contract
- Listed on international exchanges such as TOCOM, SICOM (SGX) & SHFE and the domestic prices are influenced by the international price movement
- Fundamental information is conveniently available for Rubber.
- Industrial product and the physical industries such as Tyre companies, Importers, dealers, etc. are medium to big in nature, thus they will be open to hedging and price risk management strategies

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