

Rubber Industry sector outlook H1 2021 – Snapshot

Current Standing

- As at 17th December 2020 auction prices for Latex Crepe, Scrap Crepe & RSS Rubber were Rs.429, Rs.289 & Rs.387 per 1 Kg respectively.
- Export earnings from Rubber & Rubber finished products have increased by 12.66 % y-o-y to USD Mn 69.57 in November 2020.
- Total export value for the period Jan-Nov 2020 is USD Mn 736.68, which is USD Mn 78.77 less than Jan-Nov 2019 period.
- In November 2020 there was better performance in exports of Pneumatic & Retreated Rubber Tyres & Tubes (8.11%) and Industrial & Surgical Gloves of Rubber (39.32%).
- However, exports of Rubber Plates, Sheets Rods of Vulcanized or Unhardened Rubber and Gaskets, Washers, Seals etc. of Hard Rubber have decreased by 11.52 % & 40.51% respectively in November 2020 in comparison to November 2019.

Quantitative Factors

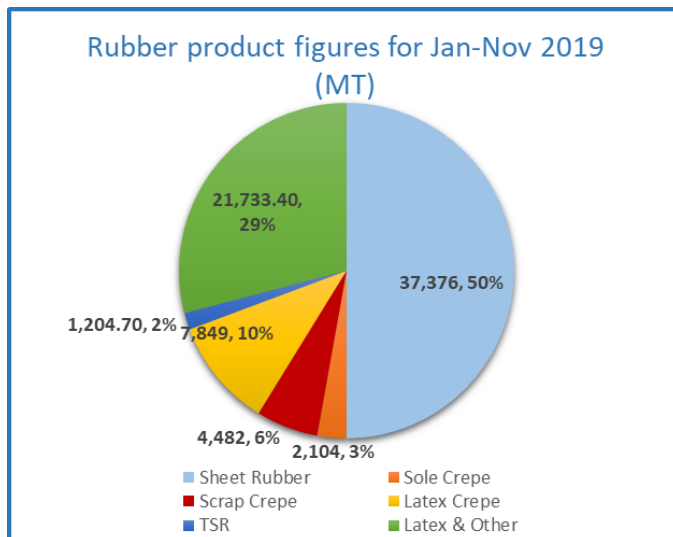


Figure 1: Product Categories

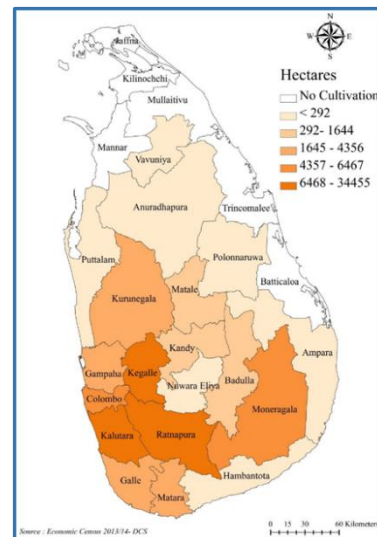


Figure 2: Rubber distribution of Sri Lanka

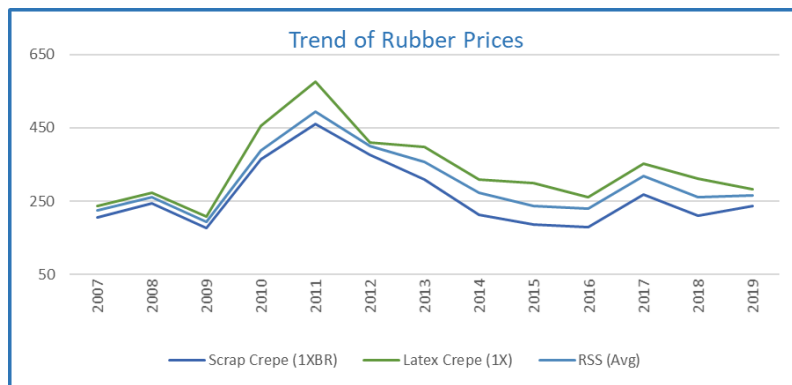


Figure 3: Trend Analysis of Rubber prices (Rs)

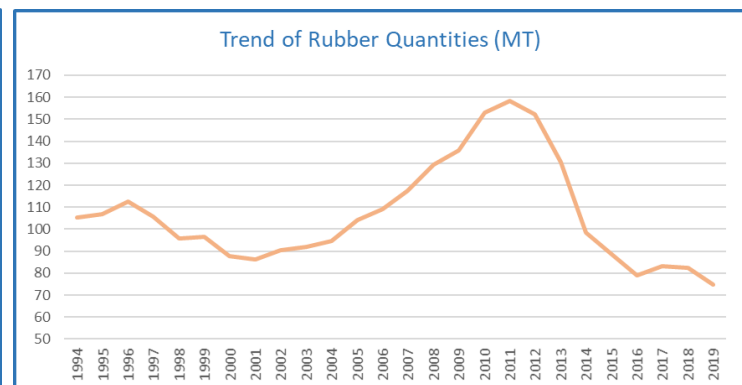


Figure 4: Trend Analysis of Rubber quantities

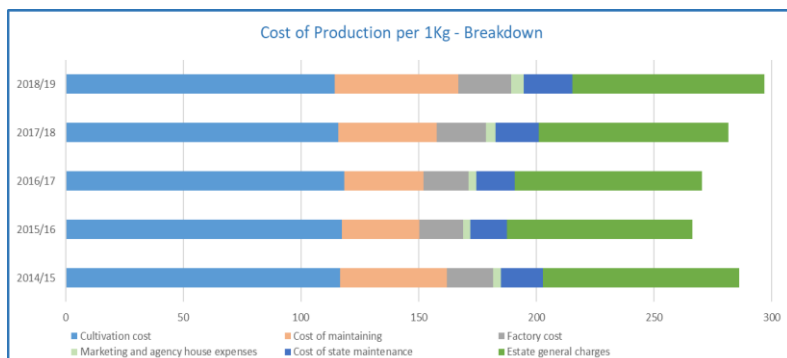


Figure 5: Cost of production Breakdown (Rs)

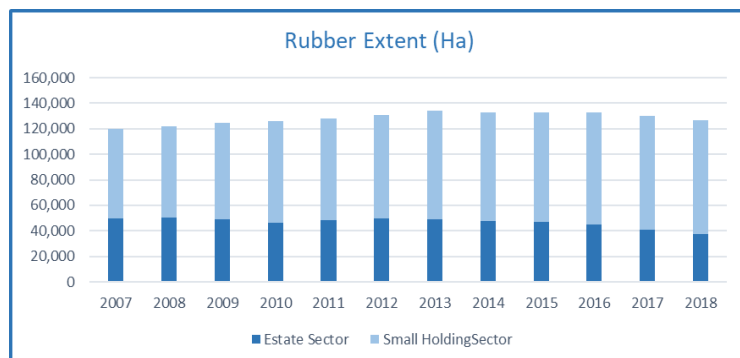


Figure 6: Rubber land extent

Qualitative factors

- New tyre Manufactures commencing operations in the country will have a positive impact
- New Government initiatives are favorable to sector (New tax initiatives)
- Suggested salary increment will affect the bottom line negatively in the short run
- Rubber production will be low because above normal rainfall is forecasted for the next quarter
- Good opportunities are there for local manufactures amidst import restrictions

Outlook for H1 2021

From the Quantitative factors it suggests that most probably rubber prices will grow gradually, however rubber production will be in same levels and cost of production also will show a gradual increase. Hence there are somewhat neutral-positive signals therefore positive outlook can be suggested for the H1 2021.

From the Qualitative factors it suggests that there will be neutral signals as there are both favorable and unfavorable factors. Hence Neutral outlook can be suggested for the H1 2021. However, the industry sector is expecting to grow better than H1 2020.

By considering all the factors for Rubber industry it can be suggested between Neutral to Positive Outlook for the H1 2021.

This document is only a Snapshot of detailed Rubber industry Sector outlook.

Based on industry specific variables we have developed two models to predict Rubber quantity and Rubber price for the future periods.

As Rubber industry consist with different kind of stakeholders, we have done detailed analysis for separate subgroups such as Growers outlook, Merchants outlook, Exporters outlook, Rubber product manufactures outlook etc.