MCX
METAL & ENERGY
Trade with Trust

RUBBER



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. The plantation would start yielding from 6th year onwards, with an economic life of 32 years.

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 AND 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.

RUBBER STATISTICS

FINANCIAL YEAR	PRODUCTION (MT)	IMPORT (MT)	EXPORT (MT)
2010-11	8,61,950	1,90,692	29,851
2011-12	9,03,700	2,14,433	27,145
2012-13	9,13,700	2,62,753	30,594
2013-14	7,74,000	3,60,263	5,398
2014-15	6,45,000	4,42,130	1,002
2015-16	5,62,000	4,58,374	865
2016-17	6,91,000	4,26,188	20,920
2017-18	6,94,000	4,69,760	5,072
2018-19	6,54,000	5,82,351	4,551
2019-20	7,12,000	4,57,223	12,872

Source: Rubber Board of India





FACTORS INFLUENCING PRICE OF RUBBER

- Global & Domestic production
- Global & Domestic consumption
- Weather conditions
- Carry over stock position
- Currency movement
- Crude Oil Prices

Listed internationally on SICOM, TOCOM & SHFE



CONTRACT SPECIFICATIONS OF RUBBER

Symbol	**RUBBER**
Description	RUBBERMMMYY
Contract listing	Contracts are available as per the Contract Launch Calendar
Contract start day	1st day of the contract launch month. If 1st is a holiday then the following working day.
Last trading day	Last calendar day of the contract expiry month; if last calendar day is a holiday, then the preceding working day.
TRADING	
Trading period	Mondays through Fridays
Trading sessions	Mondays through Fridays: 9.00 a.m. to 5.00 p.m.
Trading unit	1 MT (1000 Kgs)
Quotation/Base Value	Rs per 100 Kgs
Price Quote	Ex - Palakkad, Kerala (exclusive of all tax and levies)
Maximum order size	50 MT
Tick size (minimum price movement)	Re 1
Daily price limits	DPL shall have two slabs - Initial and Enhanced Slab. Once the initial slab limit of 3% is reached in any contract, then after a period of 15 minutes, this limit shall be increased further by enhanced slab of 1%, only in that contract. The trading shall be permitted during the 15 minutes period within the initial slab limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.
Initial margin*	Minimum 10% or based on SPAN, whichever is higher
Extreme Loss Margin	Minimum 1%
Additional and/ or Special Margin	In case of additional volatility, an additional margin (on both buy & sell side) and/ or special margin (on either buy or sell side) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
Maximum Allowable Open Position	Maximum Allowable Open Position For individual clients: 11,500 MT For a member collectively for all clients: 1,15,000 MT or 15% of the market wide open position, whichever is higher. Near Month Limits For individual clients: 2,875 MT Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit.
DELIVERY	
Delivery unit	1 MT and direct multiples thereof
Delivery center(s)	At Exchange designated warehouse at Palakkad, Kerala State (Within 100 Kms)
Delivery Period Margin **	Delivery period margins shall be higher of; a. 3% + 5 day 99% VaR of spot price volatility OR b. 25%
Quality specifications	Ribbed Smoked Sheets 4 (RSS4) Quality Specifications as provided under Part II Section 1 of the "Green Book" as detailed below: 1. Nothing but coagulated Rubber Sheets, properly dried and smoked can be used in making these grades: block, cuttings, or other scrap or frothy sheets, weak, heated or burnt sheets, air dried or smooth sheets not permissible. 2. Slight resinous matter (rust) and slight amounts of dry mould on wrappers bale surfaces and interior sheets, found at time of delivery will not be objected to should "rust" or "dry mould" in an appreciable extent appear on more than 20% of the bales sampled, it shall constitute grounds for objection.

CONTRACT SPECIFICATIONS OF RUBBER

	3. Medium size bark particles, bubbles, translucent stains, slightly over smoked rubber are permissible to the extent shown in the sample. 4. Oxidised spots or streaks, weak, heated, under cured, over smoked (in excess of the degree shown in the sample), and burnt sheets are not permissible. 5. The Rubber must be dry, firm, and free of blemishes, blisters, sand, dirty packing and all other foreign matter other than specified above as permissible.
Staggered Delivery Tender Period	The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts. The seller/buyer having open position shall have an option, of submitting an intention of giving/taking delivery, on any day during the staggered delivery period. On expiry of the contract, all the open positions shall be marked for compulsory delivery.
Delivery allocation	Allocation of intentions received to give delivery during the day to buyers having open long position shall be as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery. Funds pay-in of the delivery allocated to the buyer will be on T+2 working days i.e. excluding Saturday, Sunday & Public Holiday. The buyer to whom the delivery is allocated will not be allowed to refuse taking delivery. If the seller fails to deliver, the penal provisions as specified for seller default shall be applicable.
Delivery order rate	On Tender Days: The delivery order rate (the rate at which delivery will be allocated) shall be the closing price (weighted average price of last half an hour) on the respective tender day except on the expiry date. On Expiry: On expiry date, the delivery order rate or final settlement price shall be the Due Date Rate (DDR) and not the closing prices.
Due Date Rate (Final settlement price)	For contracts where Final Settlement Price (FSP) is determined by polling, unless specifically approved otherwise, the FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz.,E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E-1 and E-2 is not available; the simple average of the last polled spot price of E0,E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be asunder:

Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:
	E-0	E-1	E-2	E-3	
1	Yes	Yes	Yes	Yes/No	E-0, E-1, E-2
2	Yes	Yes	No	Yes	E-0, E-1, E-3
3	Yes	No	Yes	Yes	E-0, E-2, E-3
4	Yes	No	No	Yes	E-0, E-3
5	Yes	Yes	No	No	E-0, E-1
6	Yes	No	Yes	No	E-0, E-2
7	Yes	No	No	No	E-0

In case of non-availability of polled spot price on expiry day (E0)/predetermined number of days due to sudden closure of physical market under any emergency situations noticed, Clearing Corporation shall decide further course of action for determining FSP and which shall be in accordance with MCXCCL circular no. MCXCCL/SPOT/077/2020 dated April 13, 2020.

Delivery Logic	Compulsory delivery



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