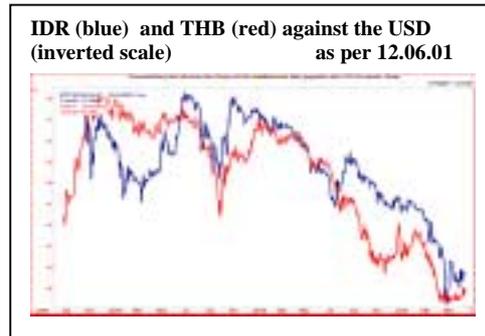


## NATURAL RUBBER

### Market Report No. 2/2001

Issue: 12.06.2001

Since our last Market Report the Natural Rubber Market has practically been torn into two parts, **RSS 3** and **SIR 20**. Whereas SIR 20, due to the continuously weak tendency of the

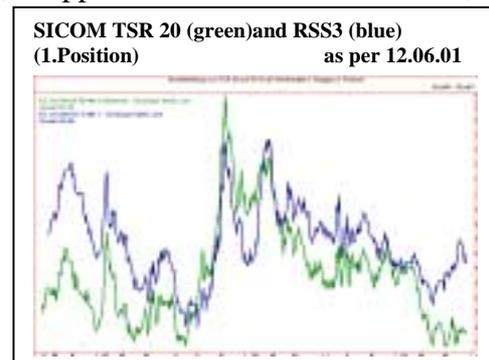


Rupiah (IDR), accelerated the drop, RSS 3 because of acute raw material shortage in Thailand, showed a strong rise. These contrary price developments show the inconsistent conditions of the market. **Indonesia** of course, is still paralysed by the economical disaster. The Indonesian President, Wahid, faces a threat to be removed from office due to incompetence, which he is trying to prevent by dismissing several ministers and even intends to consequently declare a state of emergency. The military power is again increasing in

Indonesia. The Rupiah had temporarily dropped to 12.000 IDR for 1 USD. In the past days it had levelled out at around 11.250 IDR.

Equivalent to 1 USD	IDR	THB	MYR
Prior to currency crisis 1997	2,500	25.00	2.50
On 12. June 2001	11.250	45.29	3.80
Devaluation in %	77.8	44.8	34.2

The price of SIR 20 has, in view of these turbulences, dropped to the lowest value of 48,50 US\$/KG FOB since more than 30 years and later on under stronger fluctuations reached a level of 52,00 US\$/kg. In **Thailand** where, beginning this year, a new (social democratic) government had taken over power, no headlines about the economical situation were made. The efforts of the new government to help the small holders are obvious. Continued transactions with China on an intergovernmental level about sales of natural rubber have not been very successful. Early May it was said that a 200.000 to business had been missed. According to latest reports, China intends to buy 50.000 to RSS 3 in Thailand for July/September shipment, whereby the price is still to be negotiated. The government stocks are currently estimated to be 120.000 to.



The market in Thailand is presently being more affected by natural influences rather than by political ones. After a normal "Wintering", a hot, dry period in April with heavy rainfall afterwards in May and beginning June resulted in substantial decreases in crop. The shortage of raw material made the prices for Field Latex and Unsmoked Sheets (USS) rise

# WEBER & SCHAER

---

considerably. RSS 3 quoted at the top 64.00 US\$/kg FOB, 12.00 US\$ above SIR 20. In the past days, this situation eased a little bit.

The bad climate conditions have not only left their prints behind in Thailand, but in **Sri Lanka** and **West Africa** as well. In all regions, it has partly come to considerable production decreases and delivery delays. Only now production has restarted.

In the **USA** the demand for natural rubber has tremendously decreased, because the sales of new automobiles have been reduced by 20%. Especially trucks are affected. **Ford's** call-back action of further 13 million Firestone tyres does not compensate the general decrease in demand, even if this has temporarily led to a small natural rubber bull market, It has been quickly figured out that an additional requirement of around 40.000 to natural rubber for the call-back replacement does not play a major role, compared to the world consumption of approximately 7 mio. to.

**INRO** has sold all its stocks. With this, the chapter of the last comprehensive world authorities is closed. It has become very quiet regarding the talks of the three big producing countries Thailand, Indonesia and Malaysia for a concerted action towards price stability. Apart from Thailand, the others are obviously not prepared to offer funds for expensive supportive activities or they are simply hoping for the natural market power.

In **Japan**, the speculation on the Tokyo Commodity Exchange (TOCOM) has been considerably reduced. The Speculators have obviously burnt their fingers. The near positions have considerable discounts, that means there are still big quantities available which have to be sold.

The breathtaking import figures of the **China** General Administration of Customs (CGAC) that we have stressed in our last report, have been more or less confirmed by the IRSG.

China	IRSG						CGAC	
	Consumption	%	Production	%	Net-Imports	%	Net-Imports	%
NR								
2000	1.080.000		445.000		820.400		851.164	
1999	852.000		460.000		401.800		425.839	
Change	228.000	26.8	-15.000	3.3	418.400	104.2	425.325	99,9

**IRSG:** Year 2000 Vol. 55 No. 7

According to the IRSG-Statistic the imports increased to 104.2%. This is an extremely remarkable rise. The international market observers however, do not treat this fact with much importance. But we believe that this is a fundamental development which will have great influence on the price development of the rubber market in future. We shall observe this trend very attentively.

# WEBER & SCHAER

---

The **EURO** trend naturally plays a decisive role for the European consumers. A forecast about the development against the US-Dollar is not possible. One thing can be said though: as long as the economy in the USA is doing fairly well, the US-Dollar will be needed there and will not come to Europe.

Hamburg, 12.06.2001 – Wz/An/ph