

Market Report week 11/2016

Development of futures quotations at the main trading places for natural rubber in week of December week of March, 7th:

	QUALITY	PRICE	MON	TUE	WED	THUR	FRI
TOCOM	RSS 3	YEN/kg	179,50	177,50	172,80	171,40	168,90
SGX	RSS 3	USC/kg	150,00	145,60	140,80	139,00	140,00
SGX	TSR 20	USC/kg	134,60	131,30	127,80	124,50	124,90
MRE	SMR CV	USC/kg	151,10	150,55	149,85	148,65	148,95
MRE	SMR 20	USC/kg	137,20	134,05	129,55	123,60	123,20

Development of EUR/USD and BRENT crude oil during week of March, 7th:

EUR/USD Fix		1,0952	1,1022	1,0961	1,0980	1,1094
USD/JPY Fix		113,5710	113,0220	112,4130	113,6360	113,7760
Oil/BRT	USD/Barrel	39,28	41,01	40,28	40,80	40,80

(TOCOM RSS 3: 6th month closing, SGX RSS 3 & TSR 20: 1st pos. settlement, MRE SMR CV & SMR 20: closing quotation)

After the rapid price increases in week 9/2016 at the future markets of SGX and TOCOM, the last week brought a stronger decrease again, caused by profit taking (technical reaction) of market players. TOCOM RSS 3 lost during the week abt. 3,3 %, SGX RSS 3 weakened 5,4 %, while SGX TSR 20, the most relevant grade for the tyre industry, dropped abt. 5,5 %. The EURO could maintain against the USD and ended with + 1,2 % compared with the week before.

Especially the starting wintering period in the producing areas north of the equator, when rubber trees shed their leaves, caused the previous price increase as well as the announcements of the governments of Thailand, Indonesia and Malaysia to implement export quotas to stabilize the prices, was water on the mills of market players phantasies. Obviously the manufacturer of NR getting quotas from the respective ministries of trade and industry now. Whether this measure is sustainable and how restrictive they will control the exports in the coming months has to be watched. Never forget that most of tries to intervene in market forces with subsidies failed in the past.

The fundamental factors of the market so far did not change a lot. Global demand remains slow, while supply is comfortable and the stocks in Shanghai and Qingdao in China for example are filled. Nevertheless, in the short term we do not expect a stronger decrease to levels we saw a couple of weeks ago, but a change of sentiment also didn't take place yet.

NR-department, 14.03.2016

Abbreviations:

RSS3 = Ribbed Smoked Sheets 3
TSR 20 = Technically Specified Rubber 20
SMR = Standard Malaysian Rubber

TOCOM = Tokyo Commodity Exchange
SGX = Singapore Exchange
MRE = Malaysian rubber Exchange
BRT = crude oil "BRENT"