

# WEBER & SCHAER

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## **NATURAL RUBBER**

### **MARKET REPORT No. 3/2001**

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The insidious and awful terrorist attacks in the States have had no immediate effect on the development of Natural Rubber prices. As everybody in the world, all participants in our market were shocked and more or less paralysed. During the first days after the disaster, producers refrained from offering whereby consumers and dealers tried to cover their requirements. This caused a certain tension in the market which slowly vanished when the picture became more clear that the Bush government will not rush into ill-considered military strikes against the assumed enemy.

Much more activity and hectic was observed in the oil market where the price movements reflected the mood of the participants. The prices jumped from around 27 USD per barrel on 11/09/01 to 31 USD on 14/09/01 as well as on 17/09/01 and settled today around 28 USD.

The US-Dollar itself suffered from the terrible tragedy. Its value fell from 0,897 Euro on 11/09/01 to 0,928 Euro yesterday but improved today slightly to 0,9240 Euro. The USA are presently no more considered by investors as a safe haven contrary to former armed conflicts.

In such difficult times one tends to orientate himself by similar incidents in the past. A suitable example for the actual situation is the Gulf War started on the 2<sup>nd</sup> of August, 1990 when Iraq occupied Kuwait. Until the outbreak of the war on 17/01/91 there was only a modest price increase of less than 5% for TSR 20 quoted at the Singapore Commodity Exchange, whereby prices for other grades even dropped slightly.

The present International Rubber Market which has been badly shaken anyhow during this year due to the gloomy economy in the USA and here in particular the slump in the heavy truck automotive production, is now facing an even worse situation for the rest of this year, where US-experts forecast now a recession in the 4<sup>th</sup> quarter. Consequently the outlook of the Rubber Market for the coming months is not too bright. Although prices are already at a historical 30-years-low, they may drop further, provided any military action remains regionally restricted.

Wz/lu