

NATURAL RUBBER

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The after effects of the "Wintering Season" are still visible in the producing countries north of the Equator. Limited quantities only are available for shipments at short notice. In addition to this, the present production goes mainly in fulfilling the old and partly delayed contracts. Even though the heavy and long rainfalls are over, the situation is not expected to normalize till earliest July. It is still to be considered that the presently tapped field latex yields rather low viscosity rubber which means that a CV60 is still difficult to achieve. This mainly applies to Vietnam but also Thailand and Malaysia. Besides this, the RSS supplies from Thailand are still extremely limited. Obviously the small holders or middlemen will once again try to influence the market by holding back the raw material. Fact is, for RSS 3 with immediate shipment over 5 – 10 US cents per kg must be paid.

The production in Indonesia, the second largest natural rubber producer in the world, is still running normal. For South Sumatra, Kalimantan (Borneo) and all other production areas south of the Equator the so-called "Dry Season" lies ahead. The expected production drop could have an influence on the prices for TSR 10 and TSR 20 making them lose the relatively big discount to RSS 1 and RSS 3.

Demand from China is presently very restrained. Also the buyers in the USA and Europe are extremely reserved for the time being.

The Euro could recover, despite the recent lowering of interest rates by the EZB at 0,5% against the USD, and stands today at 1,1816.

Outlook: The prices could drop slightly in short. However, the further development of the production in Thailand and also the "Dry Season" lying ahead in Indonesia must be considered.

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