

## NATURAL RUBBER

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Strong demand from China have caused price rises particularly in Thailand and Indonesia. Particularly strong was the demand for SIR 20 and RSS 3 for nearby shipments. In this situation a scarcity of RSS caused a sharp price increase because the farmers in Thailand could not produce Unsmoked Sheets (USS) due to permanent cloudy weather. If the sunshine is insufficient the raw material fails to dry. Consequently, they were compelled to sell their field latex to the centrifuging stations

Nevertheless, SIR 20 traded at large discounts could narrow the price differential to RSS 3. Obviously the forthcoming wintering season which starts south of the Equator in the months of September /October could possibly be the reason for this. The large rubber cultivations of Indonesia in the South of Sumatra and Borneo are affected.

According to a statement of the Indonesian Rubber Trade Association GAPKINDO this year the production in Indonesia is expected to decline by 2 to 3 % compared with the previous year. The change in climate (longer droughts), the cultivation of the more lucrative palm oil instead of natural rubber and the rebellion with military offensives in Aceh are said to be the reasons. The Indonesian Agriculture Minister predicted a production drop of even 9,5% for 2003.

China determines the development in the rubber market. The demand in that country seems to be insatiable. In the first half the imports have risen no less than 55% to 590.000 tons compared with the same period of last year. If these figures are projected for the whole year, one comes to a total import of 1.180.000 tons natural rubber which would mean a 40% increase compared with 2002.

The Euro could not maintain the high level of the US- Dollar from 1,18 – 1,19 and stands today at 1,12 – 1,13 against the USD.

**Views:** In case of continued presence of the Chinese in the market, even with the seasonal rise of rubber production in the second half of the year, one cannot expect that prices will drop for the time being.