



NATURAL RUBBER

Market Report No. 1/2006

Issue: 08.02.2006

The Natural Rubber Future Markets get crazy. Prices at the Tokyo Commodity Exchange (TOCOM) fell by their daily limit, dropping more than 3% as falls in gold, crude oil, copper and other commodities induced selling by funds. The recent price development at this highly speculative TOCOM was as follows:

- **Mon 06.02.** the benchmark contract hit 274,9 yen per kg the highest level since Feb 1984, before ending at 258,5 yen
- **Tue 07.02.** increase by 6 yen
- **Wed 08.02.** again limit down to 255,5 yen

So exaggerated as the prices were forced up at TOCOM by commodity funds since mid December last year, so exaggerated they are thrashed down now, since speculators want to liquidate their long positions at any cost.

The trade in the physical market is reluctant towards this development. Producers like dealers are downright cautious, because healthy fundamentals keep sentiment for physicals bullish. From our Mr. Andrews, who is presently in Thailand, we hear that the rubber trees in the South have lost their leaves already up to 80% - meaning an early start of the wintering season. Nevertheless, the tapping of the trees is continued. Nobody can forecast which repercussions such an exploitation will have on the lifetime of the trees, since without leaves there will not take place the photosynthesis, imperative for the latexproduction in the *hevea brasiliensis*.

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