



# MALAYSIAN RUBBER BOARD

## D I G E S T

A monthly publication of the Malaysian Rubber Board

2007  
DECEMBER

### Natural Rubber market review

#### December

The Kuala Lumpur rubber market continued to surge during December. Strong demand from consumers amid fears of worsening supply caused by the persistent rain in major rubber producing areas helped to push prices higher across the board. Compared with levels on 30 November, the price of SMR 20 gained 43.5 sen/kg or 5.5% to close at 835.0 sen/kg whilst latex concentrate gained 8.0 sen/kg or 1.5% to close at 548.0 sen/kg. The price movements of selected grades of rubber in December are shown in **Table 1**.

At the beginning of the month, prices turned easier as market sentiment remained quiet on improved rubber production due to better weather conditions. Although rain throughout Sumatra continued to hamper Indonesia's output, buyers were sidelined

waiting for better bargains. After the brief downtrend, tight supply coupled with short covering activities sent rubber prices soaring further towards the end of the year. Further gains on regional markets also helped push the local prices higher. Reports of floods in rubber growing areas triggered further concern over nearby shortages as well as possible delayed deliveries. In view of limited supply, sellers continued to stay wary in making further commitments while remaining anxious in having to fulfil their earlier contracts. The price of SMR 20 remained strong on active buying from European and Chinese buyers compared with the price of bulk latex, which was affected by cheaper latex from Thailand.

Meanwhile, strong advices from the Tokyo rubber futures which saw covering interest in anticipation of tight supplies in the near term also boosted local market sentiment. Tokyo rubber futures settled higher on the back of firm oil prices and a softer yen. Prices ended on a positive note with the price of SMR 20

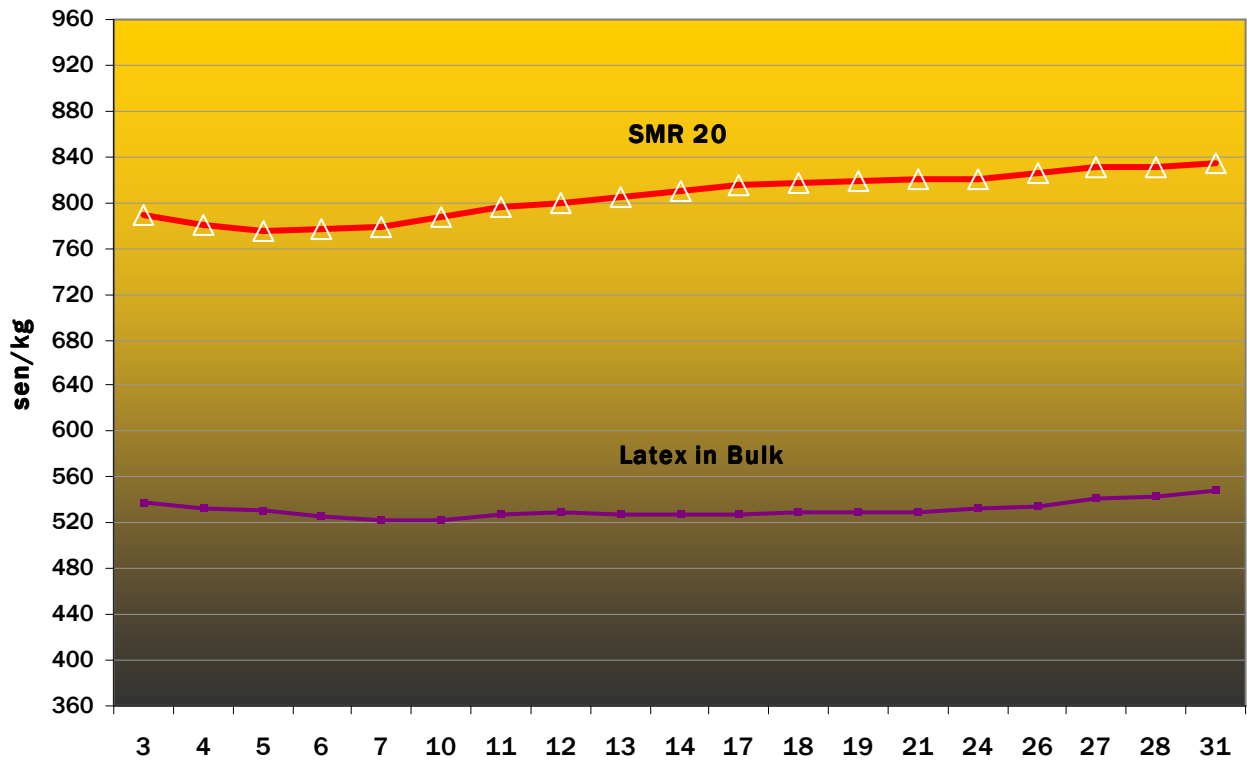
**Table 1: Prices of SMR CV, SMR 20 and Latex Concentrate, December 2007 (sen/kg)**

	SMR CV	SMR 20	Latex Concentrate
<b>Highest</b>	877.50	835.00	548.00
<b>Lowest</b>	828.50	775.50	523.00
<b>Average</b>	851.53	806.00	531.55
<b>Change from the last day of the previous month</b>	37.50	43.50	8.00

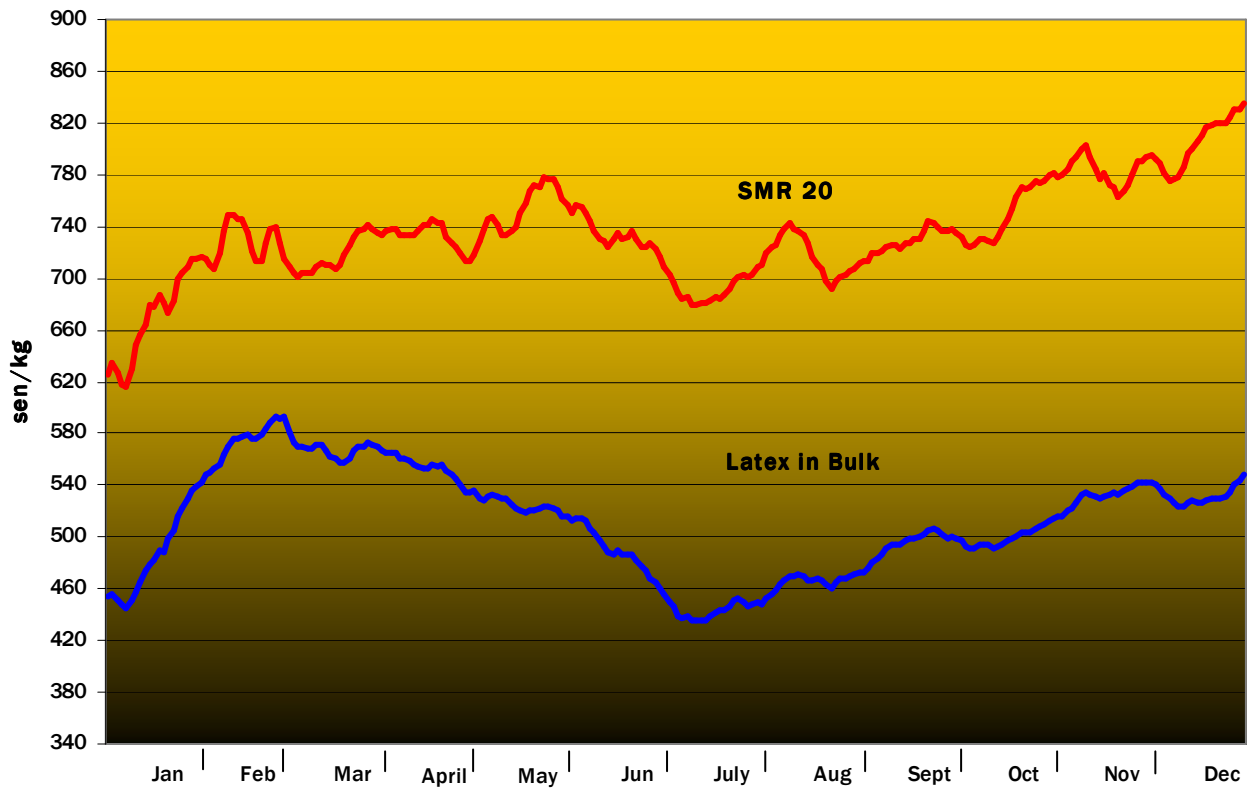
Note: \* Official price of latex concentrate in bulk, 60% DRC

Source: Malaysian Rubber Board

### MRB Daily Noon Prices, December 2007



### SMR 20 and Latex ( in Bulk,60% DRC) Noon Prices (03/01/2007-31/12/2007)



strengthening by 34% and latex in bulk by 21% compared with the beginning of the year.

### Outlook

The rubber market is expected to remain steady in view of tight supplies of raw materials due to recent rains. European buyers are expected to return to the market after their year-end holiday break while Chinese buyers are expected to purchase ahead of the Chinese New Year break in early February.

## MRE Activities

### MRE admits new associate members

Arising from the recent Malaysian Rubber Board 'Trade and MRE Promotion Mission' to Shanghai and Qingdao, China in September 2007, a total of seven (7) rubber trading companies have been accepted as Associate Members by the MRE Management Committee. The companies are as follows:-

- 1 Qingdao Jianuo Business Co. Ltd, Qingdao, China
- 2 Qingdao Seagift International Logistics Co. Ltd, Qingdao, China
- 3 Qingdao Free Trade Zone Xinhuede International Trade Co. Ltd, Qingdao, China
- 4 Hainan Vacada (Sino-Canada) Investment Co. Ltd, Hainan, China
- 5 Qingdao Matai Business Co. Ltd, Qingdao, China
- 6 China Ningbo Cixi Import & Export Corporation, Ningbo, China
- 7 Qingdao Sentaida Rubber Company, Qingdao, China

## Rubber Market Closing Days for 2008

New Year's Day	Tuesday	1-Jan
Awal Muharam (Maal Hijrah) 1429 Hijrah	Thursday	10-Jan
Federal Territory Day	Friday	1-Feb
Chinese New Year	Thursday	7-Feb
	Friday	8-Feb
Birthday of Prophet Muhammad SAW	Thursday	20-Mar
Good Friday	Friday	21-Mar
Labour Day	Thursday	1-May
Wesak Day	Monday	19-May
Birthday of SPB Yang Di Pertuan Agong	Saturday	7-Jun
National Day	Sunday	31-Aug
Hari Raya Puasa*	Wednesday	1-Oct
	Thursday	2-Oct

### NOTES:

\* Subject to change

# Market closing day which is not a public holiday. If a public holiday falls on Sunday, the following day shall be a public holiday, and if this day is already a holiday, then the next day shall be a public holiday. The market does not operate on Saturdays. In the event of any revision, members will be informed accordingly.

## News Brief

### Road map for rubber

The Agriculture Department has joined hands with the Federation of Thai Industries to draw up a development plan for the rubber industry.

The road map aims to encourage domestic consumption as well as create alternative marketing channels for rubber products.

Sukkawat Chanpannig, Inspector-General of the Agriculture Ministry and acting Director-General of the department, said recently that the plan would focus on product development and brand creation.

Vehicle tyres, gloves, and elastic bands for industry and rubber bands will be given priority.

"The plan aims to reduce imports of rubber products particularly tyres," he said.

*-factiva.com, 15 Dec*

### ***Rubber growers call for authorization of latex stimulants import***

Chairman of the Federation of Thai Rubber Growers, Uthai Sonlakshap, requests the Rubber Replanting Aid Committee to approve the import of latex stimulants to assist rubber farmers in the three Southern border provinces.

The Chairman also calls on the committee to support the rubber farmers to scrap latex late in the morning instead of early morning to prevent them from being attacked by insurgents. According to the chairman, latex stimulants make rubber vessels open for a longer period of time and they will not significantly increase the farmers' cost of production.

Mr Uthai says latex stimulants are used widely in Vietnam and Malaysia. He expresses confidence that the standards of life of rubber farmers in the far South will improve after the committee promotes the use of latex stimulants.

*-factiva.com, 31 Dec*

### ***Vietnam Expects Moderate Rubber Export rises in 2008***

Vietnam's rubber exports will likely grow at moderately 4% in volume term and 12.4% in value term next year, the Vietnamese Ministry of Industry and Trade said.

The Ministry noted that with slight rise in cultivation area, Vietnamese rubber industry cannot expand the export volume, and it can

only diversify the export market to gain higher revenues.

The Ministry said even though China is a huge export market, Vietnamese rubber exporters should not focus on this market anymore because export prices to China are usually lower than that to other markets.

The Ministry predict export prices of rubber will continue rising in 2008 in the world market due to thin supply.

The country now has around 490,000 hectares under rubber plantation, down from 510,000 hectares last year, and some 374,000 hectares of which are productive.

*-factiva.com, 27 Dec*

### ***China's Yunnan Rubber to double output by 2015***

Yunnan Natural Rubber Industrial Company, China's second-largest producer, plans to more than double its domestic output to 400,000 tonnes by 2015 by expanding its rubber acreage through acquisition, its general manager said.

Yunnan Natural Rubber aims to control 80% of natural rubber resources in the southwestern province of Yunnan by acquiring state-run and private plantations, in response to the local government's consolidation request, Li Min said.

"Production will grow to 250,000 to 260,000 tonnes by 2010 and then will increase to 400,000 tonnes by 2015," Lin said, adding that its rubber acreage will increase to 17,300 hectares by 2015.

Yunnan Natural Rubber has said it would invest at least 10 million yuan (\$1.35 million) for the initial phase of a rubber plantation in Laos totaling 66,700 hectares.

China has already used 70% of the land

suitable for growing rubber in the sub-tropical provinces of Hainan, Yunnan and Guangdong.

*-factiva.com, 11 Dec*

### **China to import more Vietnamese natural rubber in 2008**

China, the biggest natural rubber importer of Vietnam, will next year intensify import of the Vietnamese product to feed its growing rubber sector, local newspaper Vietnam Economic Times on quoted a Chinese industry official as saying, recently.

China's annual demand for natural rubber is 1.7 million tonnes, at least 70% of which are met by imports from such countries as Vietnam, Thailand and Indonesia, Ju Hongzhen, chairman of China Rubber Industry Association, said after a recent meeting with the Vietnam Rubber Association in Vietnam.

Besides buying natural rubber, Chinese enterprises can form joint ventures with Vietnamese partners to build rubber processing plants in Vietnam, he said.

If Vietnam's relevant policies are favorable, Chinese firms can build rubber plants with monthly capacity of 20,000-30,000 tonnes of products in Vietnam, he said.

*-factiva.com, 11 Dec*

### **Kossan: Global market share goal within reach**

Kossan Rubber Industries Bhd is confident of capturing 10% share of the global glove market by the fourth quarter next year, thanks to 14 new production lines, its expansion plans and firm global demand for gloves.

"With our 14 lines up this month, effectively our installed annual capacity will increase to

10 billion gloves from 8.5 billion," group Managing Director and Chief Executive Officer Lim Kuang Sia told *StarBiz*.

It said the acquisition was part of Kossan's ongoing expansion, adding that the company would install 10 double formers advanced latex glove production lines to increase its capacity by at least two billion gloves a year.

The global consumption of gloves is about 110 billion a year. Kossan's current annual installed capacity of 10 billion a year. Kossan's current annual installed capacity of 10 billion gloves means it has the capacity to command about 9.1% of the global market.

*-The Star, 14 Dec*

### **Wellcall plans 3<sup>rd</sup> factory**

Rubber hose maker Wellcall Holdings Bhd is planning a third factory to ramp up production capacity and keep abreast with rising demand.

"We are still doing feasibility study (on the project) and will decide on this over the next 12 months," Executive Director Alex Chew said.

To cope with rising demand, the company added seven extrusion production lines, increasing its rubber extrusion capacity by 80% at the existing plants.

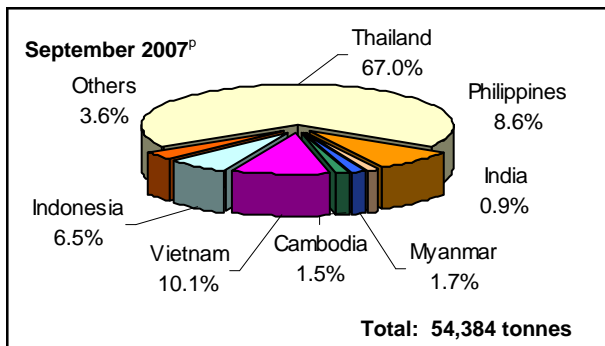
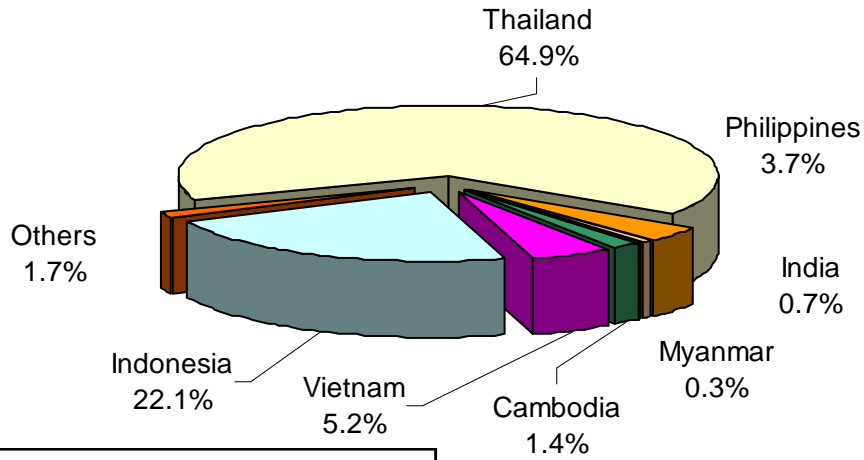
Wellcall operates two plants in Ipoh and is currently producing some 17,000 tonnes of industrial rubber hose products every month.

Its existing facilities have an installed capacity of 28,000 tonnes a month-if run at its full three shift a day.

However, the third plant would enable it to manufacture new product range.

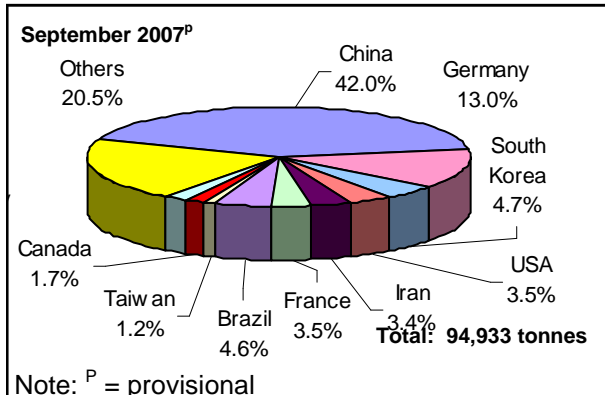
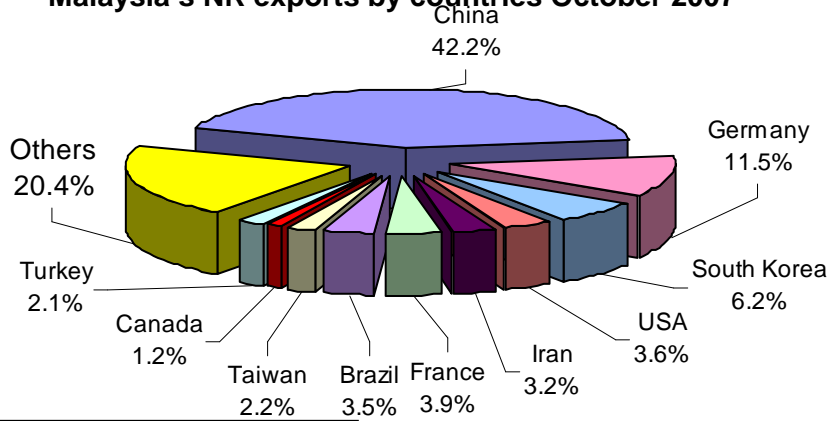
*-The Star, 8 Dec*

**Malaysia's NR imports by countries October 2007<sup>P</sup>**



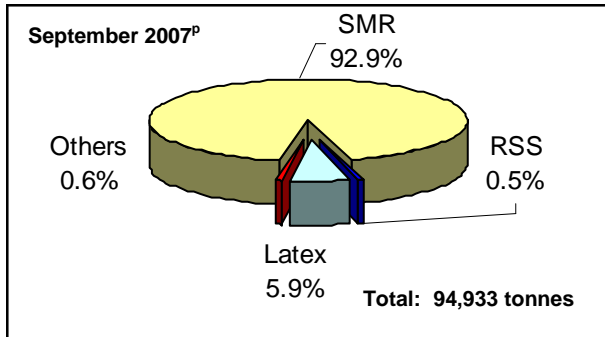
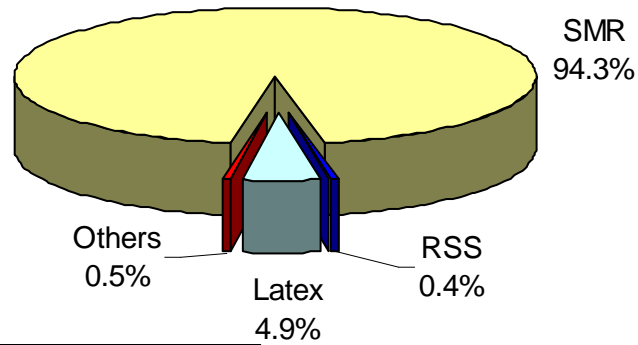
**Total: 60,212 tonnes**

**Malaysia's NR exports by countries October 2007<sup>P</sup>**



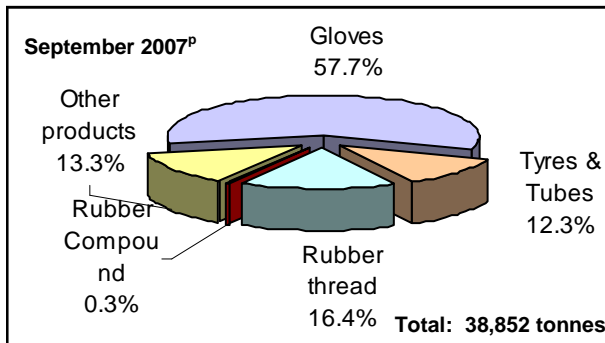
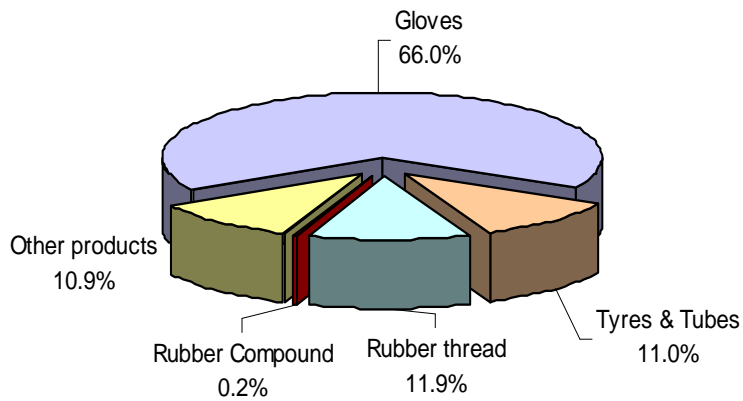
**Total: 84,223 tonnes**

**Malaysia's NR exports by types October 2007<sup>P</sup>**



**Total: 84,223 tonnes**

**Malaysia's NR consumption by sectors October 2007<sup>P</sup>**



**Total: 42,676 tonnes**

Note: <sup>P</sup> = provisional