



MALAYSIAN RUBBER BOARD

DIGEST

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Natural Rubber Market Review

December

The Kuala Lumpur rubber market witnessed a mixed trend during the review period with the price of SMR 20 closing higher on the last trading day of 2023. Overall, the positive sentiment was supported by optimism over more stimulus measures from China to support economic recovery coupled with an expectation that the U.S. Federal Reserve will start cutting interest rates in 2024. The favourable market fundamentals especially worry on tighter rubber supply concerns due to wet weather in major producing countries also added to the bullish sentiment in the market. Nevertheless, further gains were capped by a stronger ringgit against the U.S. dollar and fluctuating crude oil prices amid the Red Sea crisis and Middle East geopolitical tensions. The decline in China's manufacturing data and growing worries over a global economic in 2024 further limited gains during the period. Compared with those on 30 November, price of SMR 20 gained slightly by 19.5 sen/kg or 2.9% to close at 700.50 sen/kg on 29 November. Meanwhile, latex concentrate closed at 540.00 sen/kg, a decrease of 6.0 sen/kg or 1.1 per cent. Price movements of selected

grades of rubber in December 2023 are shown in Table 1.

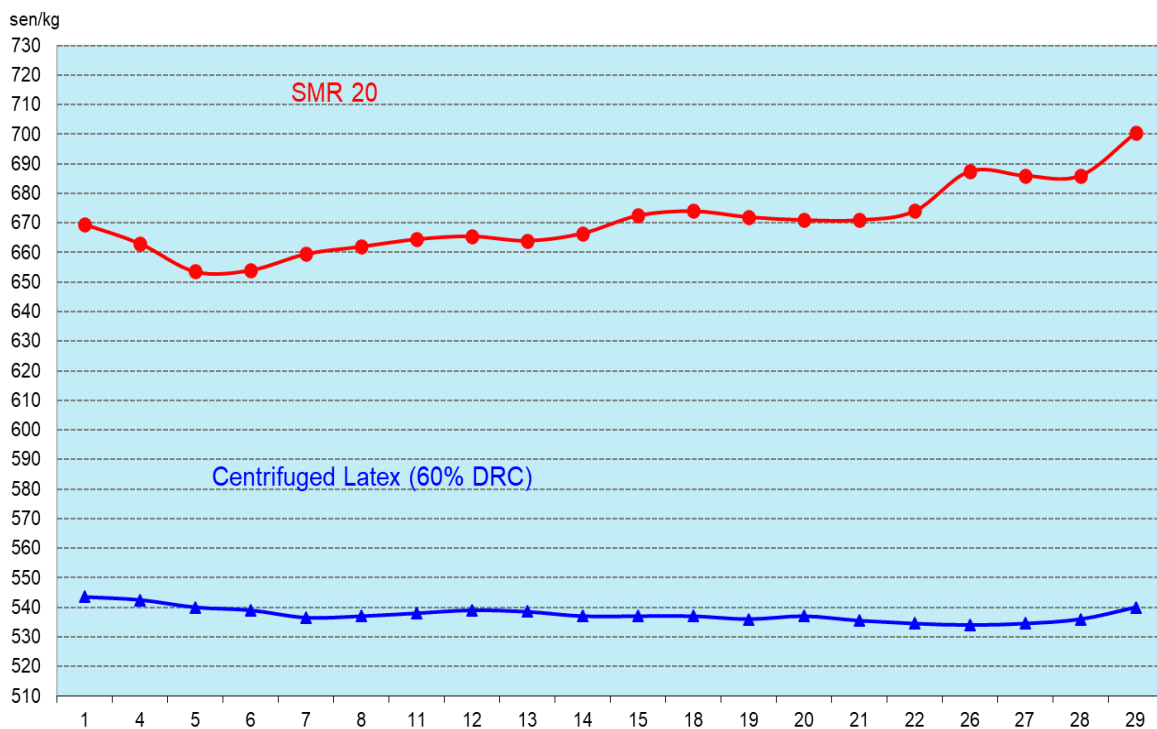
The bullish sentiment that contributed to the gains during the review period started with concerns on tighter rubber supply as several provinces in southern Thailand were hit by severe flooding after days of heavy rain. In Narathiwat province, flooded streams overflowed onto roads, affecting thousands of households. Market sentiment was also lifted after the Chinese Communist Party's finance and economy office stated that China's economy is expected to see more favourable conditions and more opportunities than challenges in 2024, supported by macroeconomic policies. In addition, the People's Bank of China (PBOC) will keep liquidity reasonably ample and guide the reasonable growth of credit. China's central bank would step up macroeconomic policy adjustments to support the economy and promote a rebound in prices, amid signs of rising deflationary pressures. Meanwhile, U.S. inflation fell in November, pushing the annual increase in inflation further below 3%. The continued increase in U.S. unemployment claims since mid-September boosted expectations of a U.S. interest rate cut as soon as March 2024. The global production outlook for natural rubber (NR) in 2023 is anticipated to grow by 3.5% year-on-year,

Table 1: Reference Prices (Noon) of SMR CV, SMR 20 and Centrifuged Latex (60% DRC), December 2023

	SMR CV		SMR 20		Centrifuged Latex (60% DRC)	
	sen/kg	RM/tonne	sen/kg	RM/tonne	sen/kg	RM/tonne
Highest	926.00	9,260.00	700.50	7,005.00	543.50	5,435.00
Lowest	910.00	9,100.00	653.50	6,535.00	534.00	5,340.00
Average	916.08	9,160.80	670.83	6,708.30	537.63	5,376.30
Change from the last day of the previous month	-10.00	-100.00	19.50	195.00	-6.00	-60.00

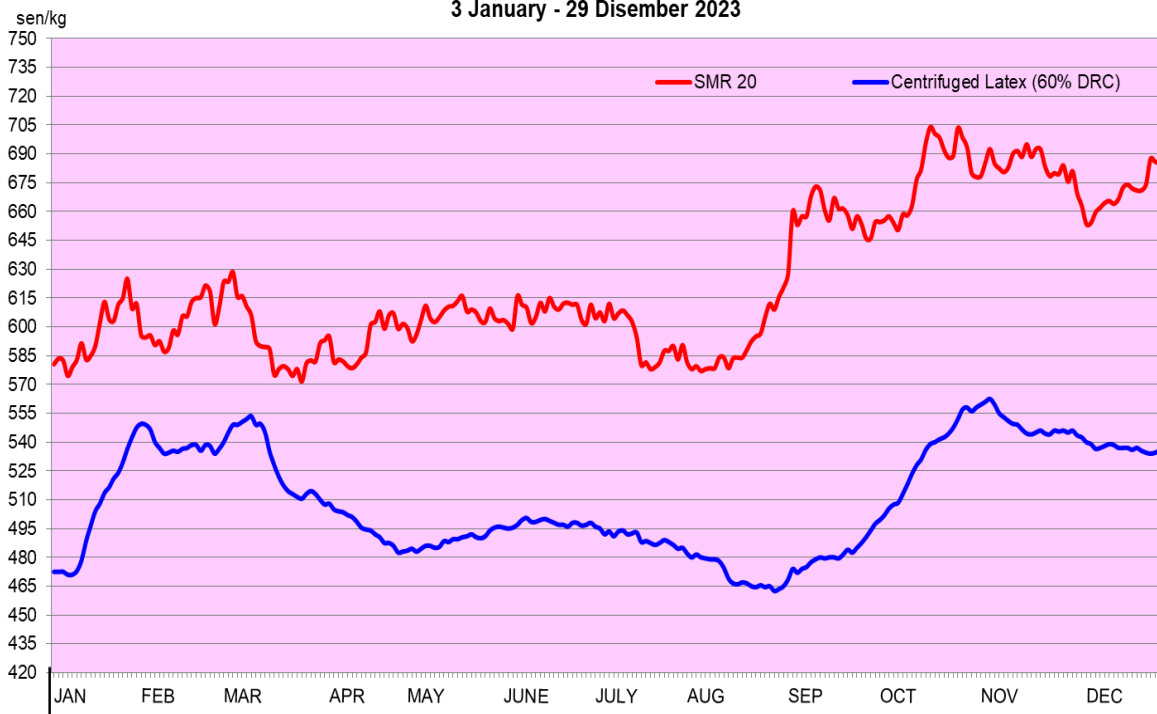
Source: Malaysian Rubber Board (MRB)

Reference Prices (Noon) for SMR 20 and Centrifuged Latex (60% DRC), December 2023



Source : MRB

Reference Prices (Noon) for SMR 20 and Centrifuged Latex (60% DRC),
3 January - 29 December 2023



Source : MRB

totalling 15.145 million tonnes. Demand outlook for NR is predicted to be somewhat lower than the previous year, reaching 15.438 million tonnes, based on November estimates from ANRPC members and adjustments made for non-ANRPC members. Department of Statistics Malaysia reported that NR production increased by 0.6% in October 2023 (32,944 tonnes) as compared to September 2023 (32,757 tonnes).

Nevertheless, further gains were capped by fragile economic recovery. China's manufacturing PMI fell from 49.4 in November to 49 in December, worse than forecasters had predicted. Meanwhile, the ISM reported that U.S. manufacturing PMI stayed below 50 for the 13th consecutive month when November's reading registered at 46.7, indicating the longest contraction stretch since the period from August 2000 to January 2002. Geopolitical tensions have severely disrupted shipping in the Red Sea, a vital waterway that accounts for 12% of world trade, further dampening market sentiment. Oil prices fluctuated during the period triggered by Red Sea crisis due to geopolitical concerns, production cuts and global measures to rein in inflation. The ringgit opened higher against the U.S. dollar as the economic data in the U.S. strengthens hopes for an early U.S. interest rate cut.

Outlook

Prices will continue to track performance of regional rubber futures markets, strength of ringgit against the U.S. dollar coupled with benchmark crude oil prices amid optimism that U.S. interest rates will start decreasing in 2024 and more stimulus from China. Market players will continue to monitor developments of the geopolitical tensions, global economic indicators that could affect interest rates cuts especially in the U.S. coupled with insights of the 2024 global economic outlook.

News Briefs

Global economy to slow down but likely avoid recession in 2024

Some of the major banks in the world expect global economic growth to slow further in 2024, squeezed by elevated interest rates, higher energy prices and a slowdown in the world's two largest economies. The global economy is forecast to grow 2.9% this year, a Reuters poll

showed, with next year's growth seen slowing to 2.6%. Most economists expect the global economy to avoid a recession, but have flagged possibilities of "mild recessions" in Europe and the UK.

- reuters.com, 1 Dec

Global factory activity stays weak, uncertainty on China clouds outlook

Global manufacturing activity remained weak in November on soft demand, surveys showed, as euro zone factory activity kept contracting, while there were mixed signs on the strength of China's economy. To rein in steep inflation, central banks have aggressively raised interest rates but those hikes have largely come to an end as policymakers look instead to cushioning the blow on their economies.

- reuters.com, 1 Dec

IMF to revise regional outlook over Israel-Hamas conflict

The IMF announced that it will revise its economic outlook for the Middle East and North Africa region due to the ongoing Israel-Hamas conflict. The conflict will have wide-ranging consequences for "both people and economies" in the region, although the extent of the impact remains "highly uncertain," the International Monetary Fund staff wrote in a blog post. It did not say if the revisions would be released ahead of its next outlook publication, which is due in January.

- malaymail.com, 2 Dec

Committee set up to add value to rubber products

The International Rubber Research and Development Board (IRRDB) has established a committee to advise member countries on exploring the production of rubber through value addition, according to its secretary-general Datuk Seri Dr Abdul Aziz S.A. Kadir. The committee of experts will encourage rubber-producing countries to add value by using and creating their own products. "The focus should be on the value addition that rubber products can bring," he said.

- nst.com.my, 2 Dec

Government launches strategic initiative to revitalise rubber industry

The government has launched a strategic initiative to revitalise the rubber industry in the face of supply chain disruptions and prolonged low rubber prices at the farm level. Malaysian Rubber Board development and construction division director Azuan Adinan said the focus was on encouraging smallholders to shift from cup lump to latex production, a move intended to enhance their income and address the shortage of latex for medical glove production. Under the scheme, initiatives are introduced within a 50km radius of latex processing factories in areas such as Tapah, Sungai Petani and Sabah.

- *nst.com.my*, 2 Dec

China has more space to cut reserve ratio instead of interest rates, says ex-official

China is likely to implement proactive fiscal policy next year as there is still a need for the world's second-biggest economy to realise stable growth, a former central banker was cited as saying in state-owned media. "It is expected that next year China will continue to implement positive fiscal policy, monetary policies that are in line with positive fiscal policy, with a relatively large policy space to lower the reserve requirement ratio," Sheng Songcheng, a former statistics and analysis director of the People's Bank of China, said in comments reported by Shanghai Securities News.

- *reuters.com*, 3 Dec

'Expand rubber usage via creative means'

Rubber experts have called for industry smallholders to seek creative ways to expand rubber usage and improve its price in the global market. Although some deemed the rubber business as a sunset industry, experts rejected that view and assured smallholders that the commodity would always be needed in industries such as aviation and automation. Malaysian Rubber Development Corporation Bhd (Mardec) chief executive officer Syed Mahdhar Syed Hussain said there were items in various industries that required natural latex for optimum performance.

- *nst.com.my*, 3 Dec

Myanmar bags USD116 million from rubber exports in 7 months

Myanmar shipped more than 94,435 tonnes of rubber to foreign countries as of 3rd November in the current financial year 2023-2024, beginning 1 April, with an estimated value of USD116.79 million, according to the Ministry of Commerce.

- *gnlm.com.mm*, 3 Dec

RISDA aims to better the lot of smallholders

Malaysia's rubber industry, a cornerstone of sustainable agriculture, faces challenges that demand immediate government intervention, say economic analysts and industry leaders. With calls for a comprehensive strategy encompassing policy reforms, technological innovation, and support for smallholders, experts emphasise the need for swift action to secure the industry's future. Economic analyst Dr Zulkufli Zakaria said Malaysia's rubber industry, long regarded as a vital component of the country's agricultural landscape, was at a crossroads. He stressed the urgency for government intervention, particularly in supporting smallholders within the industry.

- *nst.com.my*, 4 Dec

Chinese services activity rebounds in Nov as demand improves- Caixin PMI

Chinese service sector activity grew more than expected in November, a private survey showed, recovering from lulls seen earlier this year as persistent stimulus measures from Beijing helped improve local demand. The Caixin China Services Purchasing Managers Index (PMI) rose 51.5 in November, blowing past expectations for a rise of 50.7. The reading also recovered sharply from the 50.4 seen in October, which saw the index come within sight of contraction territory.

- *investing.com*, 4 Dec

RISDA closes gap of rubber smallholder, tackle profit disparities

The Rubber Industries Smallholders Development Authority's (RISDA) recent National Direction Seminar for Rubber Industry Smallholders highlighted the struggles of rubber smallholders and discussed ways to increase Malaysia's rubber production. On the final day of the three-day

seminar, the Smallholders National Association of Malaysia (PKPKM) central information bureau chief Amran Jaafar discussed the disparity in the profit margin that rubber smallholders receive and suggested long-term solutions for the industry. He said rubber prices do not match, made apparent by a simulation of the smallholders' income, revealing a monthly total of RM1,120 for every two hectares (ha) compared to the benchmark smallholder's income of RM1,500 per month.

- *themalaysianreserve.com*, 4 Dec

Use of cup lump rubber in roads to be expanded

The use of cup lump rubber in road pavements will be expanded, the Dewan Negara was told today. Deputy Prime Minister Datuk Seri Fadillah Yusof said this was following a successful pilot project with cooperation from the Works Department since last year. He said while the use of rubber components was not mandatory, such collaborations with technical agencies would see rubber-related technologies to be adopted. "Buildings, for instance, especially in high-risk areas, have standards that cover earthquake resistance.

- *nst.com.my*, 4 Dec

Market expectations of Fed cuts 'overdone,' volatility to jump in 2024, BlackRock says

Global markets will experience greater volatility in 2024 as the Federal Reserve cuts benchmark interest rates fewer times than many investors are pricing in, strategists at the BlackRock Investment Institute said at a panel discussion.

- *reuters.com*, 5 Dec

Euro zone producer prices inch up in Nov, matching expectations

Euro zone producer prices inched higher as expected in October compared with September as a rise in energy prices offset slight declines in a range of goods, while the decline from a year earlier eased. The European Union's statistics office Eurostat said that prices at factory gates in the 20 countries sharing the euro were 0.2% higher month-on-month in October, but down 9.4% down against a year earlier. The average expectations of economists were respectively for

a 0.2% increase and a 9.5% drop.

- *reuters.com*, 5 Dec

Ivory Coast Jan-Sept rubber exports up 16.4% yr/yr

Ivory Coast exported 1,206,578 tonnes of natural rubber from January to September 2023, up 16.4% from the same period last year, provisional port data showed.

- *reuters.com*, 6 Dec

Fed to hold rates until at least July; first cut not start of stimulus wave: Reuters poll

The U.S. Federal Reserve will hold interest rates until at least July, later than earlier thought, according to a slim majority of economists in a Reuters poll who said the first cut would be to adjust the real rate of interest, not the start of stimulus. All but five of 102 economists in the 1st-6th December Reuters poll said the Fed was done hiking in this cycle, even though Chair Jerome Powell said last week policymakers were "prepared to tighten policy further if it becomes appropriate to do so".

- *reuters.com*, 6 Dec

Fitch Ratings neutral on global auto sector, sees 4% rise in global sales and production in 2024

Fitch Ratings is neutral on the global auto manufacturers and suppliers sector in 2024. In its sector outlook report released, the rating agency said the neutral outlook reflects Fitch's expectation that improved supply chains will allow for higher global vehicle production, but overall sales will be tempered by less robust economic conditions, particularly in the US and China. The agency expects global sales and production to rise about 4% in 2024.

- *theedgemalaysia.com*, 7 Dec

MIDF Research expects Malaysia's GDP growth to improve to 4.7% in 2024

MIDF Research expects Malaysia's gross domestic product (GDP) growth rate to improve to 4.7% in 2024, supported by the recovery in external trade and sustained growth in domestic

demand. Director and head of strategy Imran Yassin Md Yusof said positive job market conditions, income growth and continued recovery in the tourism sector would also support the domestic spending outlook.

- *thestar.com.my*, 7 Dec

.S. monetary policy "appropriate", should remain at current levels to reduce inflation

Monetary policy in the United States continues to be appropriate, and interest rates will need to remain at current levels in order to "durably" reduce inflation, the International Monetary Fund said. The US economy has proven to be "quite resilient," said IMF spokesperson Julie Kozack in a scheduled press briefing. "Interest rates will likely need to stay at current levels well into 2024," Kozack added.

- *reuters.com*, 8 Dec

Monthly Rubber Statistics, October 2023

Natural Rubber (NR) production increased by 0.6% in October 2023 (32,944 tonnes) as compared to September 2023 (32,757 tonnes). Year-on-year comparison showed that the production of NR increased by 3.6% (October 2022: 31,795 tonnes). Total stocks of NR in October 2023 decreased by 0.4% to 152,396 tonnes as compared to 153,011 tonnes in September 2023. Exports of Malaysia's NR amounted to 56,460 tonnes in October 2023, decreased 1.0% as against September 2023 (57,028 tonnes).

- *dosm.gov.my*, 8 Dec

U.S. November payrolls growth hurts case for early '24 Fed cuts

U.S. job growth accelerated in November and the unemployment rate dropped to 3.7% even as more people entered the labor force, pointing to underlying strength in the labor market. Nonfarm payrolls increased by 199,000 jobs last month, the Labor Department's Bureau of Labor Statistics (BLS) said.

- *reuters.com*, 8 Dec

China car sales growth speeds up in November as price war intensifies

China's passenger vehicle sales rose 25.5% in November from a year earlier, faster than the prior month and extending growth to a fourth month, industry data showed, as automakers stepped up a price battle to meet sales goals. Car sales totalled 2.1 million units last month, data from the China Passenger Car Association (CPCA) showed, while growth accelerated from October's 9.9% jump.

- *reuters.com*, 8 Dec

China's leaders pledge to spur domestic demand, economic recovery in 2024

China will spur domestic demand and consolidate and enhance the economic recovery in 2024, the Politburo, a top decision-making body of the ruling Communist Party, was quoted by state media. The government has in recent months unveiled a flurry of measures to shore up a feeble post-pandemic economic recovery that has been held back by a property crisis, local government debt risks, slow global growth and geopolitical tensions. Analysts believe the government will have to unveil more stimulus to support the economy, which still faces headwinds. China will continue to implement a proactive fiscal policy, which will be moderately strengthened, and implement a prudent monetary policy, which will be "flexible, moderate, precise, and effective", state media quoted the Politburo as saying.

- *reuters.com*, 8 Dec

China's consumer prices fall fastest in 3 years, factory-gate deflation deepens

China's consumer prices fell the fastest in three years in November while factory-gate deflation deepened, indicating rising deflationary pressures as weak domestic demand casts doubt over the economic recovery. The consumer price index (CPI) dropped 0.5% both from a year earlier and compared with October, data from the National Bureau of Statistics (NBS) showed.

- *reuters.com*, 9 Dec

Global trade to contract by 5% in 2023, UN body says

Global trade is set to contract by 5% in 2023 compared to last year, the United Nations (UN) trade body said with an overall pessimistic forecast for 2024. In its Global Trade Update, the United Nations Conference on Trade and Development (UNCTAD) projected that commerce this year would amount to approximately USD30.7 trillion (RM143.71 trillion). Trade in goods is expected to contract by nearly USD2 trillion in 2023, or 8%, but services trade should increase by about USD500 billion, or 7%, according to the UN body.

- reuters.com, 11 Dec

China offers insurance to rubber producers to encourage planting, output

China's government said it has started offering insurance for natural rubber producers, to encourage higher output and increase the country's self sufficiency rate in producing the latex used to make tyres. The scheme for producers in Hainan and Yunnan provinces, the main rubber producing regions, will stabilise producers' income and increase planting acreage to boost the country's rubber production, according to a joint statement by the finance ministry, agriculture ministry and the National Administration of Financial Regulation dated 8th December. The country is expected to produce 836,000 metric tons in 2023 and up to 910,000 by 2030, Jom Jacob, co-founder of India-based analysis firm What Next Rubber, said.

- businesstimes.com.sg, 11 Dec

IMF's Gopinath says economic fragmentation could cut global GDP by 7%

The International Monetary Fund's No. 2 official warned that fragmentation in the global economy and clear shifts in underlying bilateral trade could trigger a "new Cold War" given the conflict in Ukraine and U.S.-China tensions. IMF First Deputy Managing Director Gita Gopinath told the International Economic Association in Medellin, Colombia, that losses could reach 2.5% to 7% of global gross domestic product if the world economy fragmented into two blocs, seen as predominantly the U.S. and Europe in the West and China and Russia in the East.

- reuters.com, 12 Dec

China's leaders meet to discuss growth targets for 2024, say sources

China's leaders started a closed-door meeting on 11 Dec 2023 to discuss economic targets and map out stimulus plans for 2024, four sources familiar with the matter said. The annual Central Economic Work Conference, during which President Xi Jinping and other top officials chart the course for the world's second-largest economy next year, is likely to end on 12 Dec 2023, the sources said. Investors are closely watching for clues on next year's policy and reform agenda as China's economy has struggled to mount a strong post-pandemic recovery amid the deepening housing crisis, local government debt concerns, slowing global growth and geopolitical tensions.

- reuters.com, 12 Dec

U.S. inflation slows to 3.1% in November

The U.S. inflation rate slowed slightly on a yearly basis as expected in November, in a key release that will likely factor into how Federal Reserve officials see interest rates evolving next year. Annual headline consumer price growth edged down to 3.1% last month, decelerating from 3.2% in October, according to data from the Bureau of Labor Statistics. Month-on-month, the reading inched up by 0.1%, as an uptick in shelter costs offset a decline in gas prices. Economists had forecast the measures at 3.1% and 0.0%, respectively.

- investing.com, 12 Dec

Global EV sales hit new record in November

Global sales of battery electric vehicles (BEV) and plug-in hybrids (PHEV) rose 20% versus a year ago as strong growth in North America and China offset lower sales in Europe, according to market research firm Rho Motion. Sales of BEVs and PHEVs hit a fresh monthly record of 1.4 million units, up from 1.1 million in November 2022. "Sales have continued to rise despite a lot of negative sentiment in the market and we're expecting sales to remain strong in December," data manager Charles Lester told Reuters.

- reuters.com, 12 Dec

Developing Asia to end 2023 on brighter note as China's economy recovers

Developing Asia will likely end the year on a brighter note, the Asian Development Bank said, with growth in the region expected to be stronger than previously thought due mainly to a recovery in China's economy. The ADB raised its 2023 growth forecast for developing Asia to 4.9% from 4.7% projected in September, but kept its growth outlook for the region at 4.8% next year. The ADB also revised upwards its growth projection for China to 5.2% from 4.9% previously, but maintained its growth forecast for the world's second-largest economy at 4.5% next year.

- reuters.com, 13 Dec

OPEC maintains bullish 2024 oil demand forecast despite price drop

The Organization of the Petroleum Exporting Countries (OPEC) maintained its previous forecast for a healthy global oil demand growth in 2024, blaming speculators for the recent drop in crude prices. In its monthly oil market report for December, Opec sees a global demand growth of 2.25 million barrels per day (bpd) for next year, following a demand growth of 2.46 million bpd this year, both unchanged from last month's predictions, reported Xinhua.

- thestar.com.my, 13 Dec

U.S. new vehicle sales to rise 1% in 2024 – report

U.S. new vehicle sales are expected to rise just 1% to 15.7 million units next year, car shopping website Edmunds said, as demand is likely to come under pressure from high interest rates even as vehicle supply improves. Electric-vehicle market share is expected to rise slightly to 8% of total new vehicle sales in 2024, from 6.9% in 2023 to date through November, Edmunds added. "While the year ahead holds the promise of further increased inventory and enticing deals that consumers have eagerly awaited, 2023's high interest rates are expected to linger, provoking conflicting market dynamics," said Jessica Caldwell, Edmunds' head of insights.

- reuters.com, 13 Dec

China Nov bank loans rise less than expected, more easing expected

New bank lending in China jumped less than expected in November, even as the central bank keeps policy accommodative to support a feeble recovery in the world's second-largest economy. Chinese banks extended 1.09 trillion yuan (USD151.73 billion) in new yuan loans in November, up from October's 738.4 billion yuan but missing analysts' expectations, according to data released by PBOC. Last November, banks issued 1.21 trillion yuan in new loans.

- reuters.com, 13 Dec

Fitch says China 2024 outlook neutral, but debt challenges mount

Fitch Ratings said that its outlook for China in 2024 was neutral, but the country would continue to see headwinds from subdued external demand, property sector challenges and local government debt. Fitch forecast mainland China's gross domestic product (GDP) growth would moderate to 4.6% from just over 5% in 2023, adding it "forecast growth to be broadly stable and generally at levels above those of rating peers."

- reuters.com, 13 Dec

Euro zone industry output falls by more than expected in October

Euro zone industrial production declined by more than expected in October, with the sharpest drop for capital goods such as machinery, reinforcing survey indications that the single-currency area is in a recession. The European Union's statistics office Eurostat said that industrial production in the 20 countries sharing the euro fell by 0.7% month-on-month in October for a 6.6% year-on-year drop.

- aa.com.tr, 13 Dec

US producer prices muted as energy costs drop

U.S. producer prices were unexpectedly unchanged in November amid cheaper energy goods, and underlying inflation pressures at the factory gate were muted. The report from the Labor Department which also showed services prices flat for a second straight month,

strengthened optimism that overall inflation would continue to subside and allow the Federal Reserve to start cutting interest rates next year. The unchanged reading in the producer price index for final demand in November reported by the Labor Department's Bureau of Labor Statistics followed a revised 0.4% drop in October.

- reuters.com, 14 Dec

U.S. economy still resilient as retail sales beat expectations, layoffs stay low

U.S. retail sales unexpectedly rose in November as the holiday shopping season got off to a brisk start amid deep discounting, likely keeping the economy on a moderate growth path this quarter and further alleviating fears of a recession. Retail sales increased 0.3% last month after falling 0.2% in October, the Commerce Department's Census Bureau said. Economists polled by Reuters had forecast retail sales edging down 0.1%. Retail sales are mostly goods and are not adjusted for inflation.

- reuters.com, 14 Dec

U.S. import prices post second straight monthly decline in November

U.S. import prices fell for a second straight month in November amid decreases in the costs of energy products and motor vehicles, suggesting that import deflation could help to lower domestic inflation next year. Import prices dropped 0.4% last month, the Labor Department's Bureau of Labor Statistics said. Data for October was revised to show prices declining 0.6% instead of 0.8% as previously reported.

- businesstimes.com.sg, 14 Dec

China's central bank set to boost liquidity injection but keep key rate unchanged

China's central bank is expected to ramp up liquidity injections while leaving the key interest rate unchanged when it rolls over maturing medium-term policy loans on 15 Dec, a Reuters survey showed. Among 32 market participants polled this week, 29 or 91% expected the People's Bank of China (PBOC) to keep the borrowing cost of one-year medium-term lending facility (MLF) loans unchanged, while the remaining three projected a marginal interest rate

cut. The interest rate on the MLF loans currently stands at 2.5%.

- reuters.com, 14 Dec

Chinese industrial production surges in Nov

Chinese industrial production grew more than expected in November, indicating that manufacturing output remained steady even as local and overseas demand continued to trend lower. Industrial production grew 6.6% year-on-year in November, data from the National Bureau of Statistics (NBS) showed. The reading was above expectations for growth of 5.6%, and accelerated from the 4.6% growth seen in the prior month.

- investing.com, 14 Dec

China's weak property sector, retail sales keep stimulus calls alive

China's property sector worsened in November as negative home buyer sentiment and indebted developers drove down sales and investment, while broader retail sector activity missed forecasts as recent stimulus struggled to revive demand. China's new home prices fell for the fifth straight month in November, data from the National Bureau of Statistics (NBS) showed, while property investment fell 9.4% January-November year-on-year, after a 9.3% drop in January-October. Retail sales rose 10.1% in November, accelerating from a 7.6% increase in October but missed analysts' expectations for a 12.5% leap mainly fuelled by the low base effect in 2022 when COVID curbs disrupted consumers and businesses.

- reuters.com, 15 Dec

China car sales expected to rise 3% in 2024 - industry association

China's car sales are forecast to reach about 31 million units in 2024, up 3% from a year earlier, with the pace of the gains cooling from an estimated 11.7% rise from 2023, the China Association of Auto Manufacturers (CAAM) said. Passenger vehicle sales are projected to rise by 3.1% to 26.8 million units next year, slowing from a 10.3% increase this year, according to CAAM estimates. New energy vehicle sales are also set to cool with a 20% growth in 2024 versus a 36.5% jump in 2023, while car exports are

forecast to rise to about 5.5 million from this year's 4.8 million, the data showed.

- *republicworld.com*, 15 Dec

Economists say the Fed's expected rate cuts in 2024 will spur fund inflows into Malaysia

The United States Federal Reserve's (Fed) signals of interest rate cuts next year may encourage international investors to reallocate their funds to Malaysia in search of higher returns. Economists said Malaysia would benefit from the possible rate cuts as the lower interest rate could spur lending and spending in the US, prompting higher demand for Malaysian products. Bank Muamalat Malaysia Bhd chief economist Mohd Afzanizam Abdul Rashid said the possible cuts would be significant as foreign funds would want to switch their exposure to assets in emerging economies, including Malaysia.

- *nst.com.my*, 15 Dec

US manufacturing output increases in November, underlying trend soft

Production at U.S. factories rose in November, lifted by a rebound in motor vehicle output following the end of strikes, but activity was weaker elsewhere as manufacturing grapples with higher borrowing costs and softening demand. Despite the manufacturing sector's mixed fortunes, the economy continued to expand as the year ended. A survey showed business activity picked up in December amid rising orders and demand for workers in the services industry. Manufacturing output rose 0.3% in November, the Federal Reserve said. Data for October was revised lower to show production at factories falling 0.8% instead of by the previously reported 0.7%. Economists polled by Reuters had forecast factory output would rebound 0.4%.

- *investing.com*, 15 Dec

US business activity picks up in December-S&P Global survey

U.S. business activity picked up in December amid rising orders and demand for workers, which could further help to allay fears of a sharp slowdown in economic growth in the fourth quarter. All the improvement came from the services sector, with manufacturing activity declining further. The run of better-than-expected

data prompted the Atlanta Federal Reserve to boost its gross domestic product growth estimate to a 2.6% annualized rate from a 1.2% pace. The economy accelerated at a 5.2% rate in the third quarter.

- *reuters.com*, 15 Dec

Indonesia and Japan agree on removing more trade barriers

Indonesia and Japan have agreed on the removal of more trade barriers, Indonesia's foreign minister said, after the two countries concluded negotiations on protocols to improve their bilateral economic agreements. Japan will allow greater access for Indonesian products including by removing tariffs on processed fishery items and the two countries will improve relations in the banking sector. Japan has also provided Indonesia's coastguard with a patrol vessel worth 9 billion yen (\$63 million) to help Indonesia increase its maritime capacity, she said.

- *reuters.com*, 16 Dec

Over RM600 mln allocation to help rubber smallholders, accelerate replanting scheme

The government has provided over RM600 million for the development of rubber smallholders this year, with half of it allocated to accelerate the replanting programme, since the agricultural commodity is typically susceptible to price fluctuations. (Risda) chairman Datuk Seri Dr Noraini Ahmad said the authority has always opened up space and opportunities for those keen in developing the rubber industry in this country as well as being part of its smallholders community. "Through this campaign, interested parties will receive various assistance programmes that offer up to RM38,800," "Through this target, the entrepreneurship programme has been designed specifically to help rubber smallholders to increase their total household income, not only through plantation products, but also through other businesses and entrepreneurial activities," she said.

- *nst.com*, 16 Dec

Global car sales could reach 88.3 million units next year

Analysts believe that as many as 88.3 million new light vehicles could be sold globally next year as

the industry continues its recovery from the Covid-19 pandemic and the subsequent supply chain shortages. S&P Global Mobility reports that global new light vehicle sales will climb 2.8% year-over-year from 2023 where they are projected to reach nearly 86 million units. Next year, sales could rise 2.9% in Europe to 15.1 million units. This could come despite tapering EV subsidies, economic recession risks, and car prices that remain high.

- carscoops.com, 17 Dec

China's economic conditions to improve in 2024 – officials

China's economy is expected to see more favourable conditions and more opportunities than challenges in 2024, state media said citing officials of the Chinese Communist Party's finance and economy office. The International Monetary Fund last month revised upward its growth forecast for China to 5.4% this year, attributing the revision to a "strong" post-COVID recovery. The government has set a target of around 5%. The effects of this year's treasury bond issuance, cuts in interest rates, tax and fee cuts and other policies will continue into next year, the report said.

- reuters.com, 18 Dec

China allocates USD33 billion from sovereign bonds for disaster-hit infrastructure -state media

China's finance ministry has allocated a first batch of 237.9 billion yuan (USD33.38 billion) of funds from sovereign bonds as of Monday, in an effort to support the renovation of infrastructure in areas hit by natural disasters, state media CCTV reported. The funds were part of a plan unveiled in October when China said it would issue 1 trillion yuan of sovereign bonds to enhance disaster-prevention infrastructure, the report said.

- reuters.com, 18 Dec

China can achieve 5% economic growth in 2024, central bank adviser says

China is able to achieve economic growth of 5% in 2024, Wang Yiming, a policy adviser to the central bank, said. China's economy is likely to grow 5% next year, if investment rises 4-5%, consumption rises 6-7%, and exports return to growth, Wang told an economic forum in Beijing.

China has space to step up support for the economy, given that its central government debt burden is relatively low and consumer prices are also low, Wang said.

- businesstimes.com.sg, 19 Dec

Government allocates RM225 million for rubber planters affected by monsoon season

The government, through the Rural and Regional Development Ministry, has allocated RM225 million in Monsoon Season Assistance (BMT) to assist small rubber planters nationwide that are affected by the monsoon season. Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said a total of 311,596 applications were received out of the targeted 318,750 individuals, involving three agencies responsible for managing the disbursements.

- nst.com.my, 19 Dec

Japan government lifts economic growth estimates

Japan's government slightly raised its economic growth projections for this fiscal year from its previous estimates, as external demand is likely to more than offset weak domestic consumption, the Cabinet Office said. In the twice-yearly economic outlook, the real economic growth rate for fiscal 2023/24 is estimated at 1.6%, up from 1.3% seen half a year ago as external demand contributed 1.4 percentage points to overall growth, due to a recovery in inbound tourism and automobile output.

- reuters.com, 20 Dec

ANRPC November natural rubber statistical report

Based on estimates available up to November from ANRPC members, the global production outlook for natural rubber (NR) in 2023 is anticipated to grow by 3.5% year-on-year, totaling 15.145 million tons. This adjustment is primarily attributed to the better-than-expected production in emerging non-ANRPC member countries, notably Cote d'Ivoire in Western Africa. Demand outlook for NR is predicted to be somewhat lower than the previous year, reaching 15.438 million tons, based on November estimates from ANRPC members and adjustments made for non-ANRPC members. In contrast to the global production for

NR, ANRPC members are likely to increase their share, more than 70% of the global share, reaching 11.325 million tons.

- *anrpc.org*, 21 Dec

U.S. consumer confidence rises to five-month high; home sales eke out gains

U.S. consumer confidence increased to a five-month high in December, with Americans growing more optimistic about current and future business conditions as well as the labor market, which could help to underpin the economy early next year. The Conference Board's consumer confidence index increased to 110.7 this month, the highest reading since July, from a downwardly revised 101.0 in November. A National Association of Realtors report showed existing home sales increased 0.8% to a seasonally adjusted annual rate of 3.82 million units in November, ending a five-month string of decreases.

- *reuters.com*, 21 Dec

US new-vehicle sales to rise 13% in December on discounts, inventory – report

U.S. new-vehicle sales are expected to rise about 13% in December from a year earlier, driven by strong discounts and vehicle availability, industry consultants J.D. Power and GlobalData said in a joint report. Total new-vehicle sales, which include retail and non-retail transactions, are estimated to reach about 1,396,700 units in December, a 13.2% increase from a year ago, according to the report. The automotive industry is set to enjoy a robust year as total sales were just under 15.5 million, a significant 12.8% increase from last year's sales, the report said.

- *reuters.com*, 21 Dec

U.S. labor market resilience keeps economy afloat as year ends

The number of Americans filing new claims for unemployment benefits rose marginally last week, the latest suggestion that the economy was regaining some momentum as the year winds down. Initial claims for state unemployment benefits increased 2,000 to a seasonally adjusted 205,000 for the week ended 16th December. Unadjusted claims fell 9,225 to 239,865 last week as large declines in California and Georgia more

than offset a sizeable increase in Ohio.

- *reuters.com*, 21 Dec

US Fed pivot dominates as global rate hike cycle stutters in December

A long awaited shift in the U.S. Federal Reserve's monetary policy arrived in December with major developed central banks delivering just one increase and the number of cuts accelerating further in emerging markets. December saw eight of the central banks overseeing the 10 most heavily traded currencies hold rate setting meetings, with only Norway hiking rates by 25 bps. "A slowing global economy, easing inflation pressures, and cooling labour markets would open the door for rate cuts from major central banks next year," said Dean Turner, chief eurozone and UK Economist at USB Global Wealth Management, adding that keeping rates at current levels would tighten conditions in real terms.

- *reuters.com*, 22 Dec

Widespread flooding in Thailand's south after heavy rain

Several provinces in southern Thailand were hit by severe flooding on 25th December after days of heavy rain, Thai local media reported. In Narathiwat province, flooded streams overflowed onto roads, cutting off access to some of them, according to Thai PBS. The widespread flooding affected thousands of households, and residents were advised to move their belongings to higher grounds, said local media.

- *nst.com.my*, 26 Dec

China's industrial profits extend gains for 4th month in Nov

China's industrial profits extended gains for a fourth straight month in November, even as weakening demand ate into business growth expectations, emboldening calls for more policy support. The 29.5% profit rise came on top of a 2.7% increase in October, adding to mixed messages on the economy, which posted robust growth in industrial output while missing forecasts on other fronts. Officials were also confident about more favourable economic conditions in 2024. But the recovery remains on shaky ground amid persistent property sector weakness, rising

deflationary pressures and other woes, renewing calls for stimulus.

- *thestar.com.my*, 27 Dec

China aims to expand domestic demand, ensure speedy recovery

China will strive to expand domestic demand, ensure a speedy economic recovery and promote stable growth, according to an interim report on China's 14th five-year plan published by parliament. The country will "prioritise the restoration and expansion of consumption, stabilise bulk consumption and promote consumption of services," Zheng Shanjie, head of the state economic planning body, was quoted as saying at a meeting.

- *reuters.com*, 27 Dec

New US jobless claims rise again as labor market cools

The number of Americans filing initial claims for unemployment benefits rose last week, indicating the labor market continues to cool in the year's fourth quarter. New state unemployment benefit claims rose by 12,000 last week to 218,000, according to the Labor Department. Continued unemployment claims, a measure for hiring, have increased since mid-September, indicating those already out of work may be having difficulties getting a job. The unemployment rate also fell moderately from the month prior, to 3.7% from 3.9%.

- *reuters.com*, 28 Dec

Cambodia set to continue export duty incentives in rubber sector

Cambodia is set to offer tax incentives for another two years on rubber exports, starting from January 1, 2024, aiming to encourage cultivation and support growers and exporters in the face of declining prices due to a drop in international demand. Under the new regulations, exports will not be subject to tax if the price of rubber drops below USD1,600 per tonne. Heng emphasised the importance of tax incentives for the agriculture sector, particularly in the rubber industry, as it could help stabilise supply, given the country's extensive rubber plantations spanning more than 400,000ha. Recent data from the rubber department showed that from

January to November, the country earned USD445.5 million from rubber exports, along with an additional USD1.503 million from rubber timber.

- *thestar.com.my*, 30 Dec

RM8b rubber bonanza potential left untapped

Malaysia's downstream rubber products sector has a potential to reach RM8.8 billion in value. Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani said this could be achieved when the country seriously looked into the vast areas of untapped rubber smallholdings nationwide. He said plans were underway with the Malaysian Rubber Board to develop a plan to help smallholders establish a better ecosystem for downstream rubber products. He said once the ecosystem was better, it would help with improving the value of the country's rubber product imports.

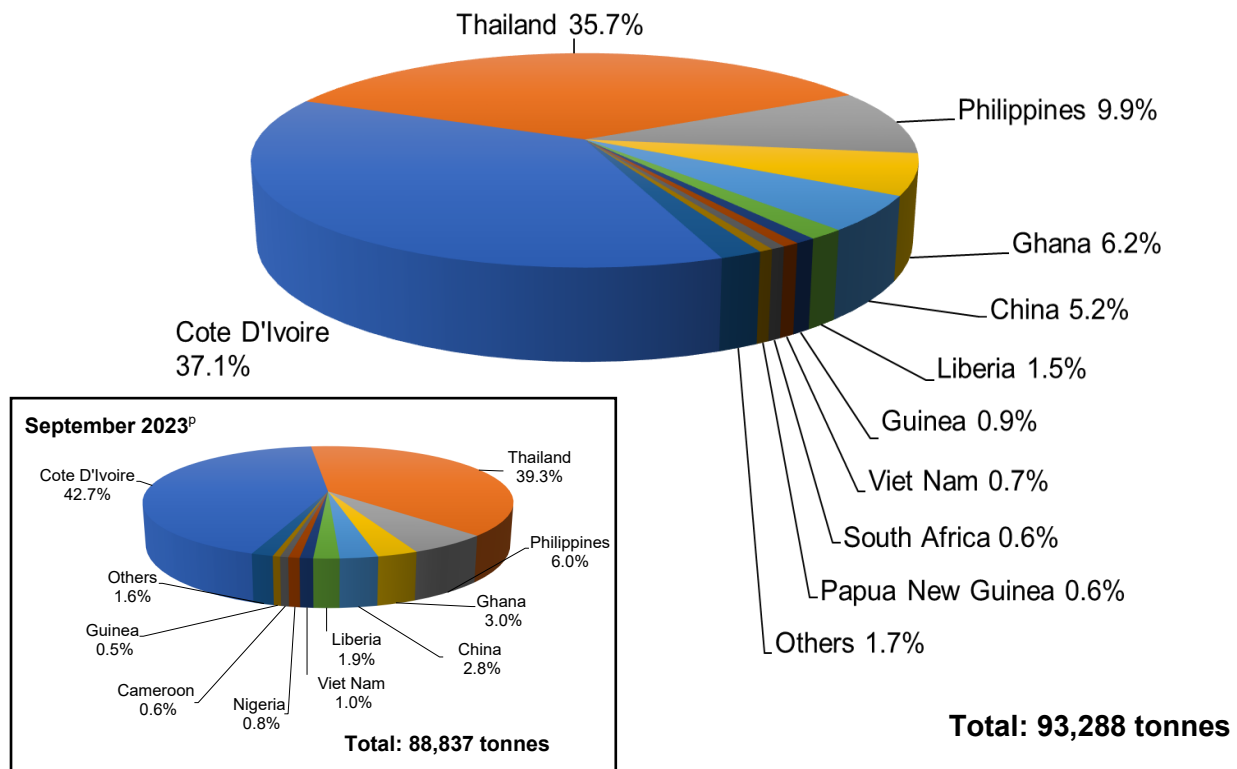
- *nst.com.my*, 30 Dec

China's Dec factory activity contracted more than expected

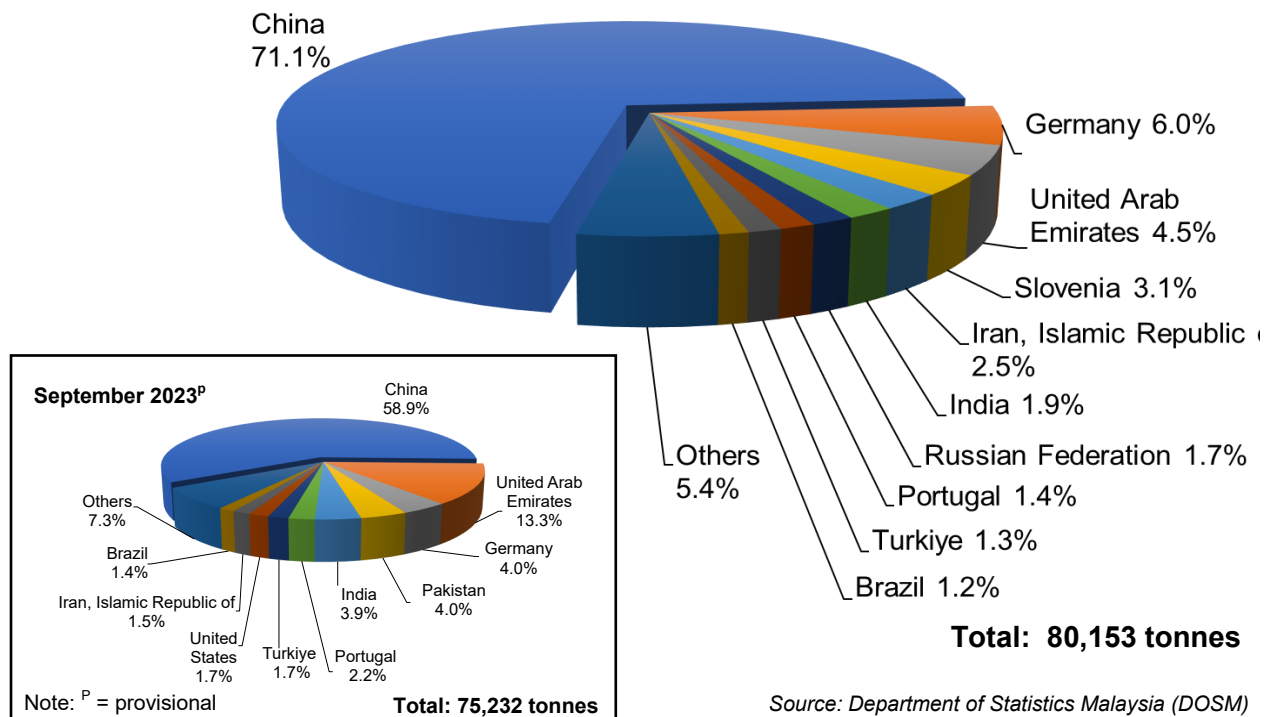
China's manufacturing activity contracted for the third consecutive month in December, an official factory survey showed on Sunday, as factories struggled with weak demand, clouding the outlook for the country's economic recovery. The official purchasing managers' index (PMI) fell to 49.0 in December from 49.4 the previous month, below the 50-mark separating growth from contraction and weaker than a median forecast of 49.5 in a Reuters poll. The government has in recent months unveiled a raft of measures to shore up China's feeble post-pandemic economic recovery, which is being held back by a property slump, local government debt risks and slow global growth.

- *reuters.com*, 31 Dec

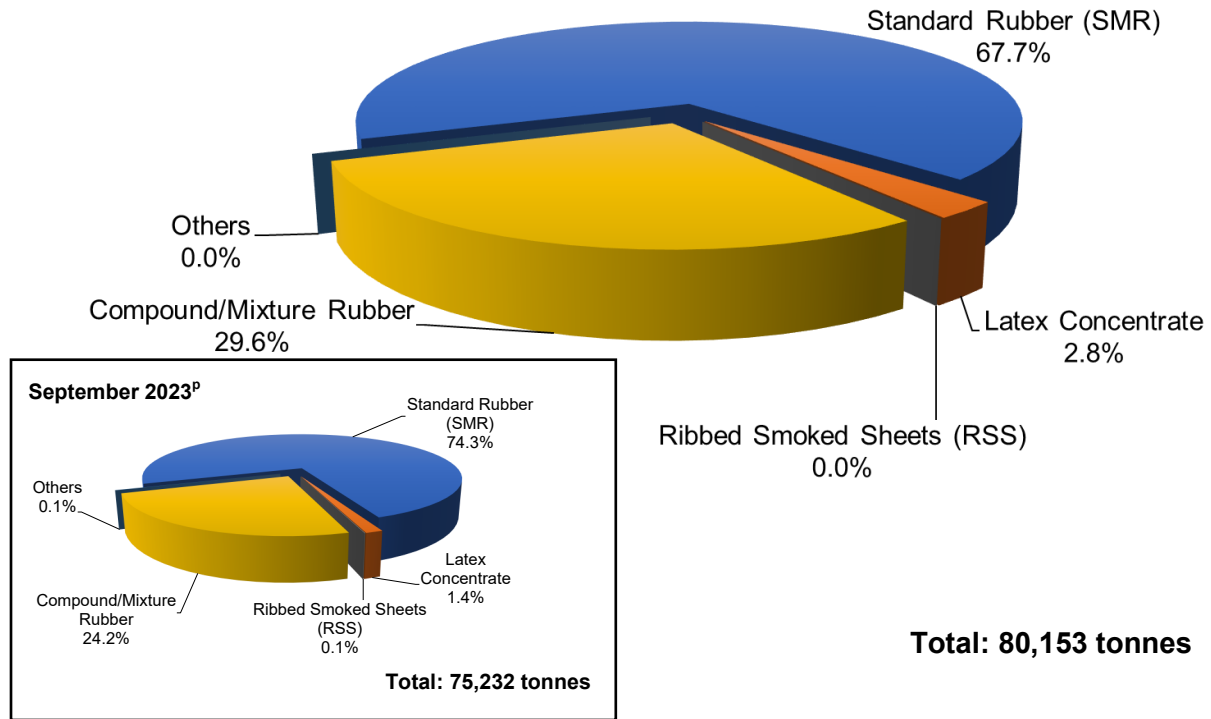
Malaysia's Imports of NR by Countries of Origin, October 2023^P



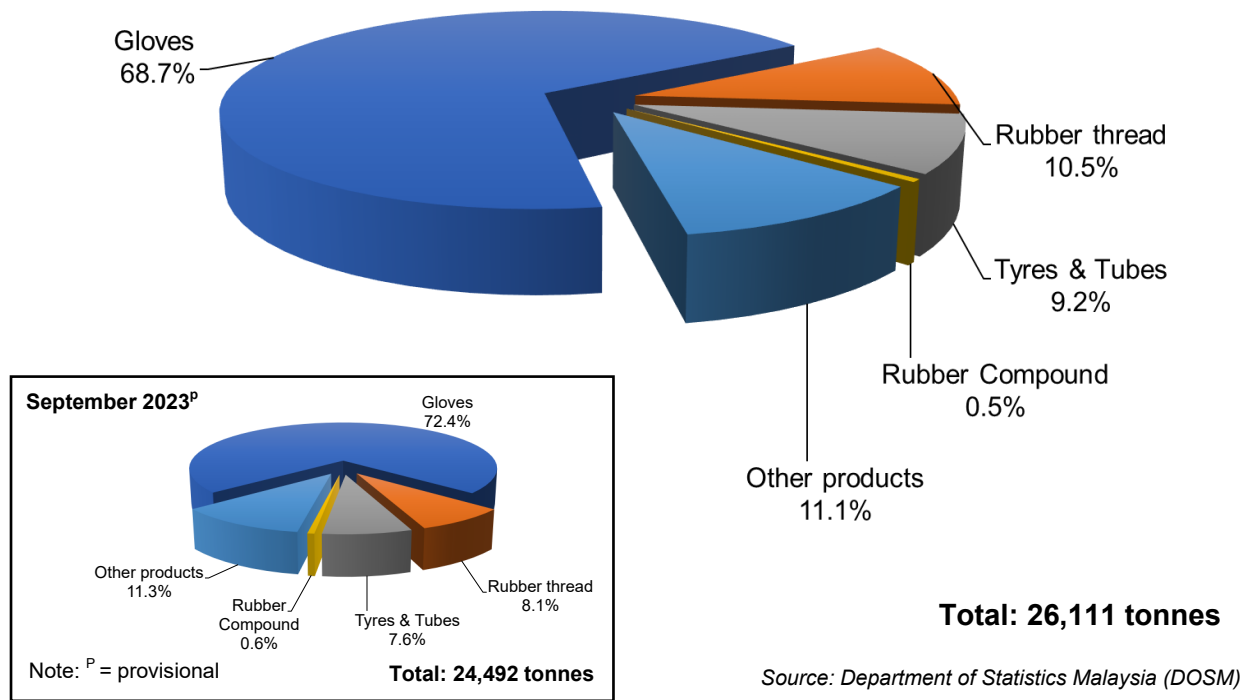
Malaysia's NR Exports by Countries, October 2023^P



Malaysia's NR Exports by Types, October 2023^P



Malaysia's NR Consumption by Product Sectors, October 2023^P



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