



MALAYSIAN RUBBER BOARD

DIGEST

A monthly publication of the Malaysian Rubber Board

2010
APRIL

Natural Rubber market review

April

The price of SMR 20 surged to a new historic high of 1,060.00 sen/kg on 16 April on strong demand and worries over supply shortage. Despite the upward price movement, the market finally succumbed to its weaker sentiment, prompting prices to adjust downwards around mid-month. The market took a breather due to technical correction arising from an investigation by the Tokyo rubber futures on price manipulation by some of its players, which created negative sentiment in the market. Compared with levels on 31 March, the price of SMR 20 lost 49.50 sen/kg or 4.7% to close at 999.50 sen/kg while latex concentrate gained 9.50 sen/kg or 1.3% to close at 749.50 sen/kg. The price movements of selected grades of rubber in April are shown in **Table 1**.

In April, the Kuala Lumpur rubber market rose steadily to new heights on improved market sentiment amid continued concern about supply shortages. More and more enquiries were received from major tyre manufacturers and consumers from China. At the same time, the steadier trend in regional markets, especially the bullish Tokyo rubber futures, also

boosted local sentiment. The Tokyo rubber futures market saw active shortcovering and registered sharp gains, advancing to near a 20-month. Growing tightness in the supply of raw materials, coupled with demand from tyre manufacturers, gave support to the physical markets.

Positive news from the US employment market and the significant jump in the US automobile sales in March augured well for the global economic recovery and thus boosted trading at the Tokyo rubber futures. US crude oil futures were traded at US\$86.85 a barrel on 14 April, hitting their highest record since October 2008, after data showed employers in the country creating jobs in March at the fastest rate in three years. Positive news on car sales in China, coupled with news of favourable economic growth and worries over the political situation in Thailand, gave support and prices across the board surged to new heights in mid-month.

After the peak, the market took a breather as buyers were sidelined and sentiment remained weak as there was hardly any demand from consumers. The rubber futures on the Tokyo Commodity Exchange tumbled to a three-week low following an investigation whether there was any price manipulation after volatility increased to a record high during the earlier week. The previous spot month contract on the TOCOM rose

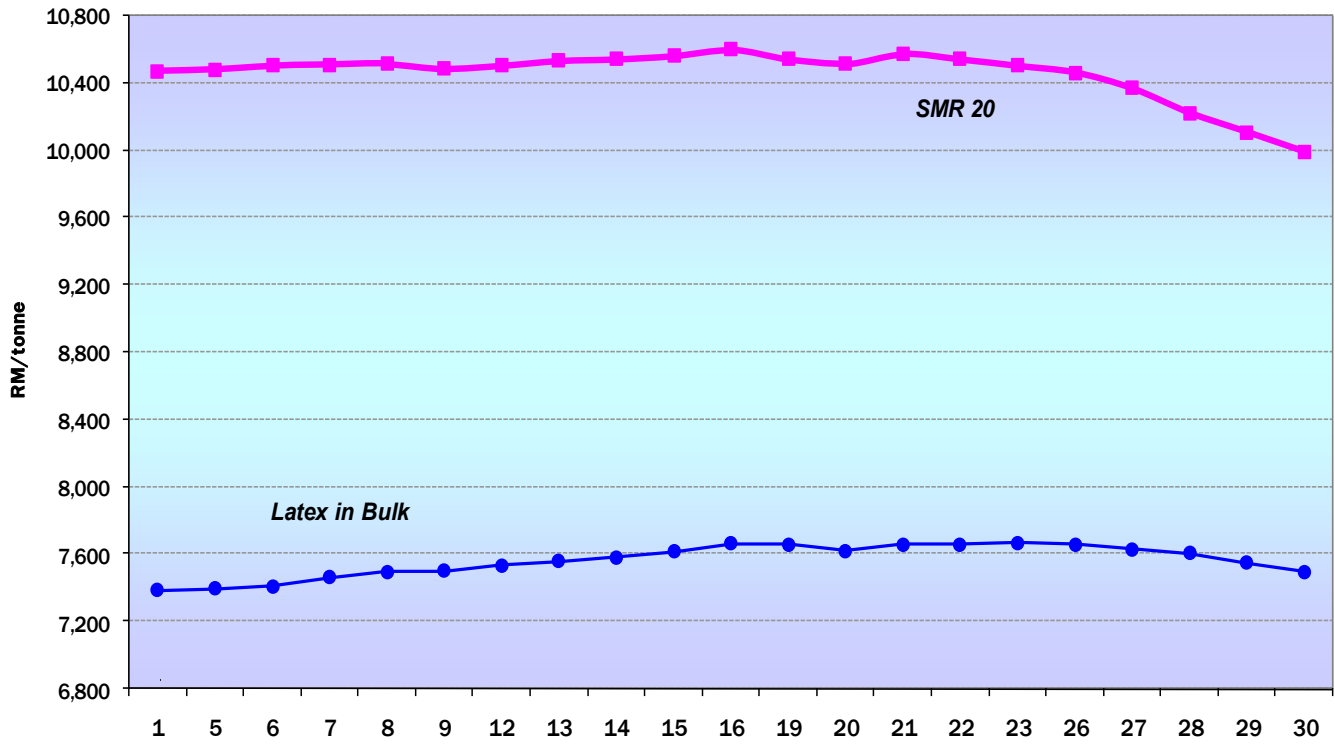
Table 1: Prices of SMR CV, SMR 20 and Latex Concentrate, April 2010 (RM/tonne)

	SMR CV	SMR 20	Latex Concentrate
Highest	12,305.00	10,600.00	7,670.00
Lowest	12,000.00	9,995.00	7,385.00
Average	12,184.80	10,455.50	7,562.60
Change from the last day of the previous month	195.00	-495.00	95.00

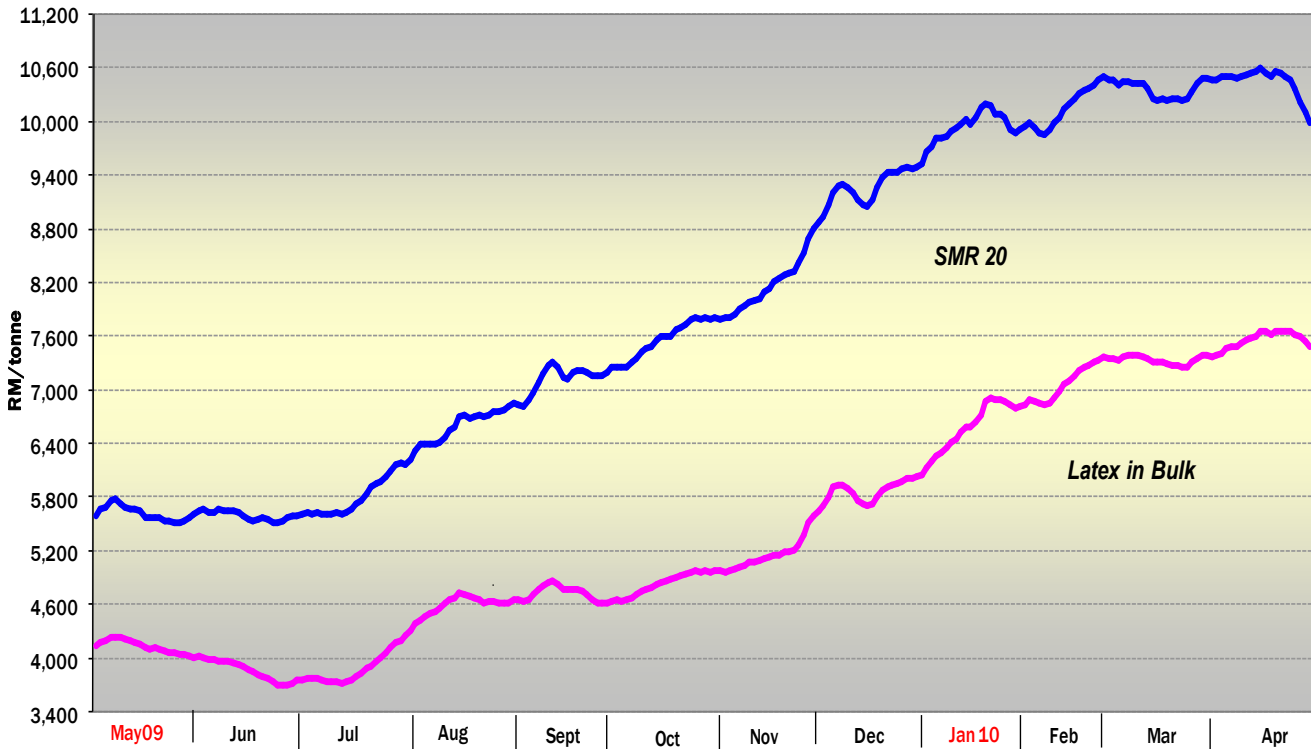
Note: * Official price of latex concentrate in bulk, 60% drc

Source: Malaysian Rubber Board

MRB Daily Noon Prices, April 2010



SMR 20 and Latex (in Bulk,60% DRC) Noon Prices (04/05/2009-30/04/2010)



13.9% in its last week before expiry, mainly because of supply concerns related to a dry wintering season. News that the Tokyo rubber futures exchange is imposing additional margins to deter excessive speculation in rubber futures did not go well with the speculators and resulted in profit-taking activities.

Outlook

Uncertainties over TOCOM's additional margin call and increasing production in major producing countries once the wintering season is over, would further spur the decline in prices. Demand from China, volatility in currencies and the direction of oil prices were factors that are expected to continue to influence the rubber market in the near term.

News Brief

Zeti: Orderly ringgit rise no cause for worry...

The much better performance of the ringgit reflects the improvement in the country's economic conditions and should not be a cause for concern, says Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz.

She said the ringgit had weakened substantially in 2009 but started to strengthen in the fourth quarter of last year and in the first quarter of 2010.

"Therefore, we are not concerned. We would be concerned. However, if there was excessive movement within a short period of time with disorderly market conditions or is a misalignment to the economic conditions."

-The Star, 28 Apr

...and Economy may grow faster than forecast

Bank Negara Malaysia hinted yesterday that Malaysia's economy can grow at a faster pace than the 4.5% to 5.5% forecast earlier.

Governor Tan Sri Dr Zeti Akhtar Aziz said there is an upside potential to the growth forecast of the gross domestic product (GDP).

Economists have been pointing to an improvement in economic activities in the first three months of this

year, led by exports and other indicators, saying GDP will likely surpass the 4.5% growth in the last quarter.

-New Straits Times, 30 Apr

Glove makers to see robust demand

The robust global demand coupled with constraints in expansion has helped boost the profitability of rubber glove manufacturers in Malaysia and will continue to do so for up to three years.

Supermax Corporation Bhd executive chairman and group managing director Datuk Seri Stanley Thai said the robust demand should continue at least for the next one-and-a-half to three years.

He said that rubber glove manufacturers were set to see a spike in demand by July this year after seeing a drop in orders in recent months.

The demand dropped as customers, especially the multinationals (MNCs), had reduced their orders because of the high latex price, he said.

According to him, the price of latex, which is the main raw material for production of rubber gloves, is too high and not sustainable.

-The Sun, 21 Apr

Thai exports forecast to grow by 17-24% in 2010

Thailand's exports are foreseen to touch 17-24% in 2010, by virtue of the implementation of the Asean Free Trade Area and other free agreements between Asean-China, Asean-South Korea, Thailand-Australia, Thailand-New Zealand and Thailand-India. Rubber and rubber products that come under the recently implemented zero tariffs export items, experienced an increase of exports in 2010. The export of rubber increased by 72.6% while that of rubber products rose by 75.3% in 2010.

-Bangkok Post, 12 Apr

Ministry plans boost for rubber planting in the North

The Agriculture Ministry plans to expand para rubber plantations in the North to make the product a new cash crop for the region.

The ministry's Office of the Rubber Replanting Aid Fund aims to double its promoted plantations to 600,000 rai over the next few years by offering low-interest loans to small planters, said Uthai Sonluksub, honorary president of the Natural Rubber Council of Thailand. Planters with between two and 15 rai can apply for these incentives from the office, which also provides rubber saplings and financial assistance.

The North's 600,000 rai of rubber plantation account for only 3.6% of the 16.7 million rai of rubber in Thailand, of which 9.5 million are in the South. But the ministry expects plantations in the North to soon cover almost 1 million rai.

-Bangkok Post, 20 Apr

Indonesian rubber production target set at 2.5 mln tonnes

Indonesia has set itself a target of producing 2.5 million tonnes of rubber this year or slightly more than the 2.4 million tonnes it turned out last year, a senior official said.

Plantation Director General Achmad Mangga Barani said here on Monday that in order to achieve the target Indonesia needed to rejuvenate its rubber plantations through a non-revitalized rubber development program. The director general said the rejuvenation of old rubber plantations in 2010 was expected to cover 8,688 hectares in 16 provinces and 51 districts.

In 2009, the acreage of rejuvenated rubber plantations covered 7,035 hectares in 13 provinces and 43 districts.

The program this year will get assistance from the state budget amounting to Rp20 million per hectare, so that with 8,688 hectares, the government would provide Rp173.7 billion, he said.

-factiva.com, 20 Apr

India's 2009/10 rubber output down 3.8%

India's natural rubber production dropped 3.8% in 2009/10 due to adverse climatic conditions, but a rise in consumption during the period lifted the country's imports, the Rubber Board said on Tuesday.

Total output in April-March was 831,400 tonnes, compared with 864,500 tonnes a year ago, it said in a statement.

-Reuters News, 17 Mar

China sells 30,000 T rubber reserves, more sales seen

China has sold 30,000 tonnes of natural rubber from state reserves at an open bidding last week, the National Development and Reform Commission said on Tuesday.

The amount of rubber was bought by 26 companies at prices between 23,600-24,840 yuan (\$3,457-\$3,639) per tonne, the commission said at a report on its website (www.ndrc.gov.cn).

Traders said the government was likely to release more from state reserves in an effort to stabilise domestic prices.

-Reuters News, 27 Apr

China's auto industry to grow 15-20% over next 5 years

China's auto industry will develop at an average growth rate of about 15% to 20% over the next five years, reports China Securities Journal, citing a report by an international consulting company AlixPartners.

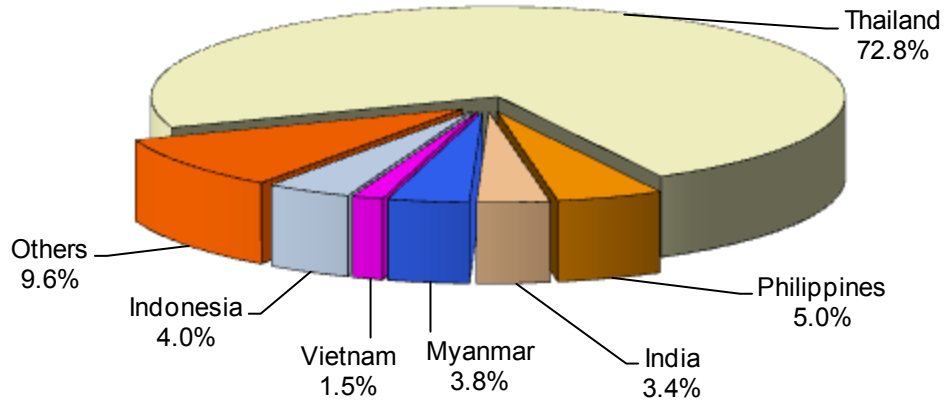
According to the report, the weighted average growth rate of the auto industry in 2010 is expected to be around 23 percent.

It is learned that China's auto sales had hit new high in the first quarter of this year, soared 72% year on year to 4.61 million units. The sales in March increased 56% year on year.

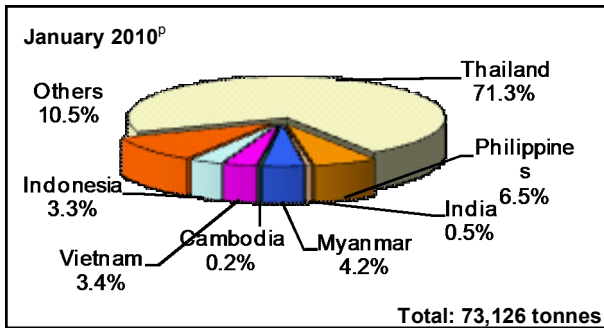
As for the auto parts industry, the report estimated that the gross margin of this industry would reach 10% this year, higher than last year's growth of eight percent.

-factiva.com, 19 Apr

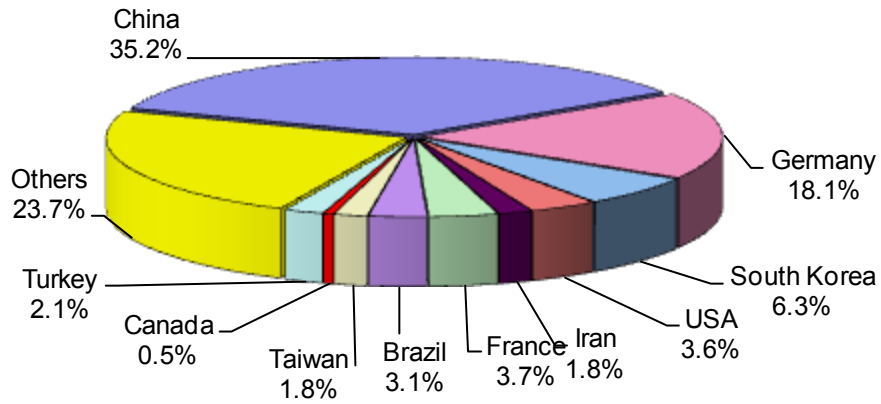
Malaysia's NR imports by countries February 2010^P



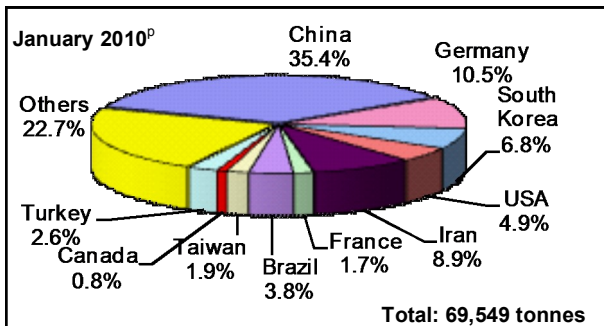
Total: 50,362 tonnes



Malaysia's NR exports by countries February 2010^P

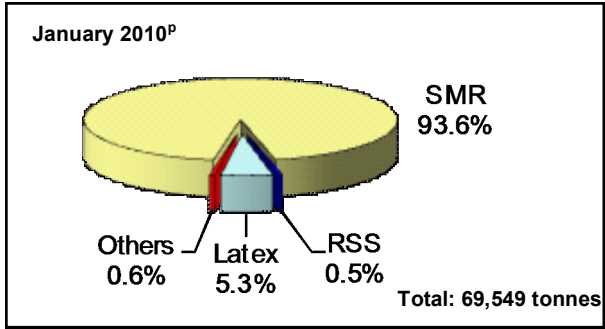
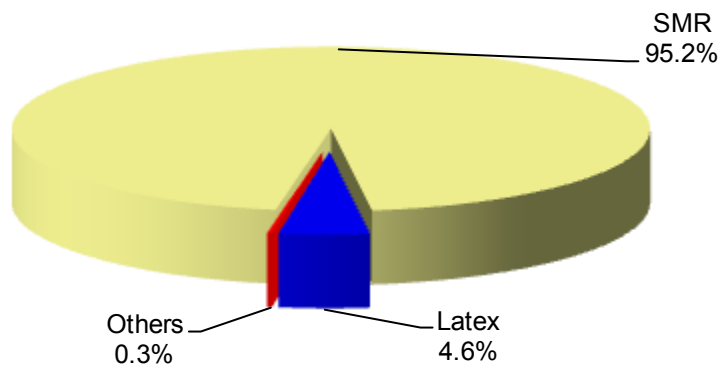


Total: 65,296 tonnes



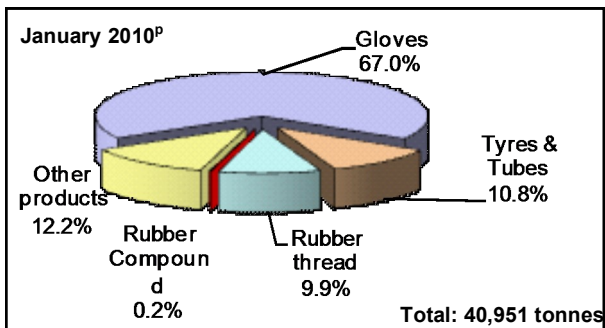
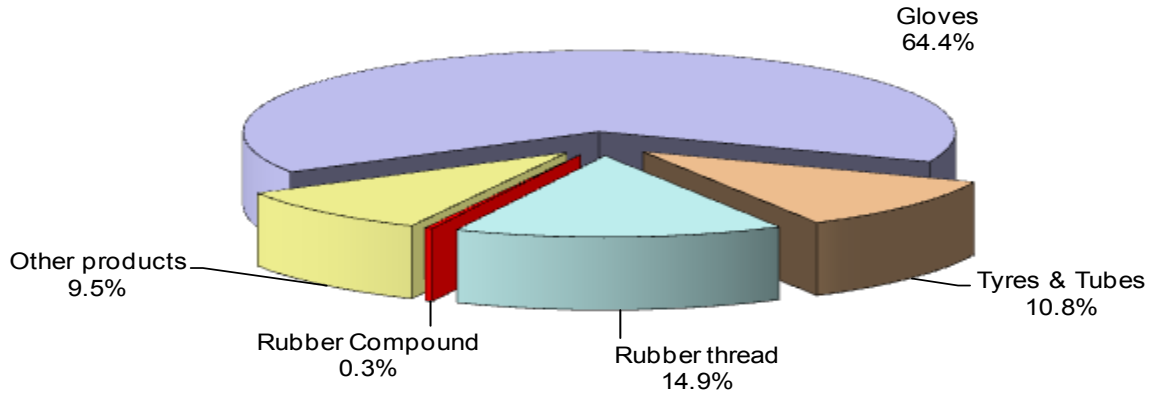
Note: ^P = provisional

Malaysia's NR exports by types February 2010^P



Total: 65,296 tonnes

Malaysia's NR consumption by sectors February 2010^P



Total: 37,989 tonnes

Note: ^P = provisional

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