Natural Rubber Market Review

April

Beginning of April witnessed SMR 20 hitting a new record low in 2020 at 449.50 sen/kg on 2 April, tracking bearish sentiment in the global market. Prices on the Kuala Lumpur rubber market thereafter were seen on a steadier ground until 20 April, supported by a recovery in oil prices after the Organization of the Petroleum Exporting Countries (OPEC) and its allies finalized an agreement to cut production. The uptrend was also contributed by a rebound in regional rubber futures market as market players took cue from stimulus measures by China and United States to support their economy impacted by the COVID-19 pandemic. However, prices turned lower towards the end of month after U.S oil prices sank into negative territory in history coupled with shrinking global demand for rubber. Compared with those on 31 March 2020, the price of SMR 20 rose slightly by 4.0 sen/kg or 0.9% to close at 461.50 sen/kg. Meanwhile, latex concentrate closed at 410.50 sen/kg, a decrease of 2.0 sen/kg or 0.5%. Price movements of selected grades of rubber in April are shown in Table 1.

Table 1: Reference Prices (Noon) of SMR CV, SMR 20 and Centrifuged Latex (60% DRC), April 2020

<table>
<thead>
<tr>
<th></th>
<th>SMR CV</th>
<th>SMR 20</th>
<th>Centrifuged Latex (60% DRC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sen/kg</td>
<td>RM/tonne</td>
<td>sen/kg</td>
</tr>
<tr>
<td>Highest</td>
<td>726.50</td>
<td>7,265.00</td>
<td>495.00</td>
</tr>
<tr>
<td>Lowest</td>
<td>696.00</td>
<td>6,960.00</td>
<td>449.50</td>
</tr>
<tr>
<td>Average</td>
<td>708.76</td>
<td>7,087.60</td>
<td>472.64</td>
</tr>
<tr>
<td>Change from the last day of the previous month</td>
<td>-3.50</td>
<td>-35.00</td>
<td>4.00</td>
</tr>
</tbody>
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Note: * Reference price of Centrifuged Latex, 60% DRC
Source: Malaysian Rubber Board

Throughout the month, the market improved moderately supported by a rebound in oil prices after OPEC and its allies, known collectively as OPEC+ on 12 April, finalized an agreement to cut production by 9.7 million barrels per day. The agreement is the single largest output cut in history. However, some analysts worried that the production cut would not be enough to boost prices. The market also reacted positively to the declining Malaysian natural rubber (NR) production in February 2020 as reported by Department of Statistics Malaysia (DOSM) on 15 April. Malaysia’s NR production decreased 29.2% in February 2020 to 46,881 tonnes as compared to 66,232 tonnes in the previous month. Comparison year-on-year also showed a decrease of 20.6% as compared to the same month in the previous year. In addition, market players took cue from stimulus measures by China and United States to increase liquidity and support their economy. China cut its benchmark lending rate to reduce borrowing costs for companies and the central bank also injected 56.1 billion yuan (USD7.93 billion) into the economy. Meanwhile, the U.S. approved a USD484 billion COVID-19 relief bill, funding small businesses and hospitals and pushing the total spending response to the crisis to an unprecedented near USD3 trillion. The market was also lifted by a weaker ringgit against the...
Reference Prices (Noon) for SMR 20 and Centrifuged Latex (60% DRC), April 2020

Source: MRB
U.S. dollar and the recovery of imports from China. The ringgit remained weak in April to RM4.3080 – 4.3950, as compared with March at RM4.1655 – 4.4450. Meanwhile, China’s imports rose 2.4% in March while exports fell slightly by 3.5% year-on-year in March, compared to a sharp decline recorded during the first two months.

Nevertheless, the gains throughout the month were offset by shrinking global demand for rubber specifically in tyres and automotive rubber components owing to the COVID-19 containment measures such as extended period of restricted movement order by many countries in the world. The negative sentiment was also attributed to declining car sales in China coupled with a gloomy economic outlook in 2020 forecasted by the International Monetary Fund (IMF). According to the China Passenger Car Association (CPCA), China’s passenger car sales fell 40.8% in March from a year earlier to 1.08 million units, as efforts to curb the COVID-19 in the country weakened economic activity. Market players also reacted negatively to a sharp decline in regional rubber futures markets that tracked slumping oil prices. The U.S. West Texas Intermediate (WTI) oil prices plunged to their lowest level in history at minus USD37.63 on 20 April, as traders were abandoning the May contract due to the collapse in oil demand and oversupply as global crude storage facilities reaching their limits. The bearish sentiment continued with declining profit of China’s industrial firms. According to the National Bureau of Statistics (NBS), profits at China’s industrial firms fell 34.9% from a year earlier in March. For the first quarter, China’s industrial firms’ profits fell 36.7%.

**Outlook**

Prices are likely to improve moderately and move within a tight range in the near-term. Market operators have regained some confidence as parts of the countries in the world are gradually easing restrictions and allow some businesses to open. The Malaysian government has decided to extend the Movement Control Order (MCO) for a third time, from 29 April to 12 May to curb the spread of COVID-19 outbreak. The Economist Intelligence Unit (EIU) has revised down its estimate of global consumption of natural rubber (NR) in 2020 sharply to -6.5% (-1% previously) to reflect the negative impact of measures to contain the COVID-19. Meanwhile, the International Monetary Fund (IMF) in its latest World Economic Outlook reported that the global economy is projected to contract sharply by 3% in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support. IMF predicted growth of 1.2% for China in 2020 but forecast China economic growth to bounce back in 2021 with 9.2%.

**News Briefs**

**U.S. light vehicle sales in March fall 27% on month as virus outbreak intensifies**

Light vehicle sales in the United States fell nearly 27% in March compared with a month earlier, data released by an automotive research group showed, as the COVID-19 outbreak intensified and shuttered dealerships across much of the country. Moody’s Investors Service said that U.S. light vehicle sales would fall at least 15% in 2020 as the ratings agency sharply cut its 2020 outlook for global auto sales, with Western Europe expected to take the biggest hit.

- reuters.com, 2 Apr

**Malaysia to open border for rubber**

Malaysian authorities have ordered the reopening of the Padang Besar checkpoint in Songkhla to allow the import of concentrated latex for the country’s production of rubber gloves. Kajohnjak Nuanphromsakul, acting governor of the Rubber Authority of Thailand (RAOT), said the Malaysian government has decided to reopen the checkpoint in Sadao district, effective April 6, in response to rising demand.

- bangkokpost.com, 4 Apr

**Asian firms rush to meet USD69 billion in second-quarter debt refinancing**

Companies in the Asia Pacific need to raise a near record USD69.3 billion to refinance their existing borrowings in the second quarter, Refinitiv figures show, as the region’s capital markets remain turbulent due to the COVID-19 pandemic. The level of U.S. dollar corporate debt due to mature in the region, including Japan and China, is the second highest on record and only slightly behind the USD71.4 billion that was due during the same time last year.

- reuters.com, 6 Apr
New car sales in UK plunge by 44% as COVID-19 bites

Britain’s new car registrations plummeted by 44% in March, a steeper fall than during the financial crisis, as the COVID-19 crisis led to showroom closures and sent sales tumbling. Sales in March were 203,000 down on the same month a year earlier, according to data released by the industry body, the Society of Motor Manufacturers and Traders (SMMT). Dramatic falls in new car sales have been reported in other European countries that introduced lockdowns earlier than Britain, including Italy, where sales fell 85% in March, France, down 72%, and Spain, which was 69% lower.

- theguardian.com, 6 Apr

COVID-19: Nearly half a million Chinese companies close in first quarter as pandemic batters economy

More than 460,000 Chinese firms closed permanently in the first quarter as the COVID-19 pandemic pummelled the world’s second largest economy, with more than half of them having operated for under three years, corporate registration data shows. The closures comprised of businesses whose operating licenses had been revoked, as well as those who had terminated operations themselves, and included 26,000 in the export sector, according to Tianyancha, a commercial database that compiles public records.

- scmp.com, 6 Apr

EIA cuts 2020 oil price outlook by over 20%, lowers crude production forecasts

The U.S. Energy Information Administration (EIA) pegged its 2020 WTI oil price forecast at USD29.34 a barrel, down 23% from its March forecast. It also cut its Brent crude price forecast by nearly 24% to USD33.04 for 2020. The agency expects U.S. crude production of 11.76 million barrels a day this year, down 9.5% from the previous view, with its forecast for 2021 output down nearly 13% at 11.03 million barrels a day.

- marketwatch.com, 7 Apr

World Bank downgrades outlook for developing countries in Europe, Central Asia

The World Bank sharply downgraded its outlook for developing countries and emerging markets in Europe and Central Asia this year due to the COVID-19, but said those economies could swing back into solid growth in 2021. It said its baseline scenario called for gross domestic product among developing countries and emerging markets in the region to contract by 2.8% in 2020, while the downside scenario saw a deeper recession with growth shrinking 4.4%. That marked a downward revision of 5.4% to 7% from the bank’s outlook just three months ago.

- reuters.com, 9 Apr

COVID-19: China’s March car sales down over 40%, but Tesla had record month

China’s March car sales fell 40.8% from a year earlier to 1.08 million units, the China Passenger Car Association said, as efforts to curb the COVID-19 pandemic in the country weakened economic activity. The association, however, said that overall passenger car sales volume in April would be much higher than in March.

Car sales in China plunged 79% in February, the biggest ever monthly decline, as demand was hit by the COVID-19 outbreak, the China Association of Automobile Manufacturers (CAAM) said. Tesla, though, sold 10,160 vehicles in China in March, its highest ever monthly sales in the world’s largest car market, the China Passenger Car Association (CPCA) also said.

- scmp.com, 9 Apr

China’s automobile sector remains stable despite sales drop: official

China’s automobile sector will remain stable and positive in the long term despite the decline in auto sales during the past two years, an official with China’s top economic planner said. Facing the changes in the sector, Cai Ronghua with the National Development and Reform Commission said China has rolled out policies to optimize the environment of auto consumption and release the potential of consumption to soften the impact of the COVID-19 outbreak and the changes in the growth of the auto market.

At present, China’s major automobile enterprises have fully resumed work and their daily output has gradually recovered to more than 75% of the same period last year, while orders of the dealers
returned to over 65% of normal levels, according to Cai.  
- xinhuanet.com, 9 Apr

**OPEC+ to cut production by 7.7 million barrels in July-Dec, deal could be extended**

Under the new agreement reached on April 12, Organization of the Petroleum Exporting Countries (OPEC) and its allies OPEC+ countries will reduce oil production by 7.7 million barrels a day in the period of July-December, after which the reduction will be 5.8 million barrels a day, the oil producers said in their final communiqué, specifying that the new deal could be extended. "The agreement will be valid until 30 April 2022, however, the extension of this agreement will be reviewed during December 2021," the communiqué says, adding that a meeting will be held on June 10 via video conference "to determine further actions, as needed to balance the market."

- theedgemarkets.com, 13 Apr

**COVID-19: China’s exports down 3.5% in March in yuan terms, but imports improve**

The value of China’s exports dropped to 1.29 trillion yuan (USD183 billion), with March’s imports rising 2.4% to 1.16 trillion yuan. Overall in the first quarter of 2020, China’s exports dropped 11.4% to 3.33 trillion yuan, with imports down 0.7% to 3.24 trillion yuan. China’s exports declined 3.5% in March compared to a year earlier as the COVID-19 continued to impact the world’s second-largest economy, but imports rose 2.4%, according to yuan data released by the General Administration of Customs.

- scmp.com, 14 Apr

**Global economy in 2020 on track for sharpest downturn since 1930s: IMF**

The global economy is expected to shrink by 3.0% during 2020 in a stunning COVID-19-driven collapse of activity that will mark the steepest downturn since the Great Depression of the 1930s, the International Monetary Fund said. The IMF, in its 2020 World Economic Outlook, predicted a partial rebound in 2021, with the world economy growing at a 5.8% rate, but said its forecasts were marked by “extreme uncertainty” and that outcomes could be far worse, depending on the course of the pandemic.

- reuters.com, 14 Apr

**Federal Reserve cuts rates to zero and launches massive USD700 billion quantitative easing program**

The Federal Reserve, saying “the COVID-19 outbreak has harmed communities and disrupted economic activity in many countries, including the United States," cut interest rates to essentially zero on April 19 and launched a massive USD700 billion quantitative easing program to shelter the economy from the effects of the virus. The new fed funds rate, used as a benchmark both for short-term lending for financial institutions and as a peg to many consumer rates, will now be targeted at 0% to 0.25% down from a previous target range of 1% to 1.25%.

- cnbc.com, 15 Apr

**FTAs boost 2020 rubber shipments**

Thailand is maintaining exports of rubber products and processed rubber as global demand surges, particularly for rubber products relating to virus protection such as rubber gloves and synthetic rubber used to make such gloves. Auramon Supthawheetum, director-general of the Trade Negotiations Department, said Thailand's outbound shipments of rubber products and processed rubber in the form of finished products such as auto tyres, rubber gloves, resistance bands and rubber bands rose 10% in the first two months of 2020 to USD1.97 billion. Thailand has 13 FTAs in place with 18 countries and territories, with 14 no longer collecting import tariffs on Thai rubber products, including Asean, Japan, Australia, New Zealand, Peru and Hong Kong.

- bangkokpost.com, 15 Apr

**Natural rubber production in February 2020 decreased 29.2 per cent**

The Monthly Rubber Census for reference February 2020 was conducted in March 2020, prior to the announcement of the Movement Control Order (MCO). The census showed that Malaysia’s rubber production decreased 29.2% in February 2020 to 46,881 tonnes as compared to 66,232 tonnes in the previous month. Comparison year-on-year also showed a decrease of 20.6% as compared to the same month in the previous year. This declining trend is due to the annual wintering period that typically falls between February and May.

Exports of Malaysia’s natural rubber amounted 51,852 tonnes, increased by 13.1% against
IMF: US GDP to sink 5.9% in 2020

The International Monetary Fund has predicted that COVID-19-related disruption will cause the United States’ gross domestic product to decline 5.9% in 2020. The IMF, a Washington, D.C.-headquartered organization that fosters international monetary cooperation and more, made the prediction in its "World Economic Outlook" report.

- asicentral.com, 15 Apr

Rubber Board moots Rs 1000-crore package for COVID-19 lockdown-hit natural rubber business

The Rubber Board of India has proposed a Rs 1,000-crore rehab package for the natural rubber sector to offset the losses due to the lockdown to the Union commerce ministry. This includes zero-interest loans, part-funding of price-stabilisation corpus and free rain guarding material for rubber plantations. Kerala, which accounts for 85% of India’s NR production, has allowed plantations to be active during the lockdown, utilising 25% of the workforce. Latex processing units and latex gloves manufacturing factories have been told to function with 25% manpower, adhering to the COVID-19 protocol. The demand for surgical gloves has surged to 100 million units per month, post-Covid outbreak. However, the country’s entire 33 surgical-glove making factories are yet to go into full capacity utilisation.

- theedgemarkets.com, 16 Apr

IMF: Pandemic to bring Asia’s growth to halt for first time

Asia’s economic growth this year will grind to a halt for the first time in 60 years, as the COVID-19 crisis takes an 'unprecedented' toll on the region’s service sector and major export destinations, the International Monetary Fund said on April 16. Policymakers must offer targeted support to households and firms hardest hit by travel bans, social distancing policies and other measures aimed at containing the pandemic, said Changyong Rhee, director of the IMF’s Asia and Pacific Department. Asia’s economy is likely to suffer zero growth this year for the first time in 60 years, the IMF said in a report on the Asia-Pacific region released. The IMF expects a 7.6% expansion in Asian economic growth next year on the assumption that containment policies succeed, but added the outlook was highly uncertain.

- thestar.com.my, 16 Apr

IMF says it's ready to mobilize its USD1 trillion lending capacity to fight COVID-19

The International Monetary Fund said it “stands ready” to use its USD1 trillion lending capacity to help countries around the world that are struggling with the humanitarian and economic impact of the COVID-19. “As a first line of defense, the Fund can deploy its flexible and rapid-disbursing emergency response toolkit to help countries with urgent balance-of-payment needs,” IMF managing director Kristalina Georgieva said in a statement.

- cnbc.com, 16 Apr

China posts first GDP decline on record as COVID-19 cripples economy

China’s economy shrank for the first time since at least 1992 in the first quarter, as the COVID-19 outbreak paralysed production and spending, raising pressure on authorities to do more to stop mounting job losses. Gross domestic product (GDP) fell 6.8% in January-March year-on-year, official data showed, larger than the 6.5% decline forecast by analysts in a Reuters poll and

45,827 tonnes in January 2020. Total domestic consumption of natural rubber was 41,512 tonnes in January 2020. Total domestic consumption of natural rubber was 41,512 tonnes, a decrease of 1.2% against 42,015 tonnes as recorded in January 2020. Rubber gloves dominates the use of natural rubber with 31,684 tonnes or 76.3% of the total domestic consumption.

- dosm.gov.my, 15 Apr

Rubber glove exports expected to hit RM20 bil this year

Malaysia, the world’s top rubber glove producer, expects to export 225 billion units worth some RM20 billion this year, up from 170 billion units valued at RM17.3 billion last year. Deputy Minister of Plantation Industries and Commodities Willie Mongin said the Malaysian Rubber Glove Manufacturers Association (MARGMA) estimates global demand for rubber gloves at 330 billion units. "Our country’s rubber glove industry is very important as exports from Malaysia supply 65% of global demand,” he said in a statement.

- theedgemarkets.com, 16 Apr

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reversing a 6% expansion in the fourth quarter of last year. The contraction is also the first in the world’s second-largest economy since at least 1992 when official quarterly GDP records started.

- reuters.com, 17 Apr

**Asia PBR falls to new record low on plunging BD, auto industry slump**

Polybutadiene rubber (PBR) prices in Asia have hit a new record low on plunging cost of feedstock butadiene (BD) and as the COVID-19 pandemic crippled demand from the downstream automotive industry. On 16 April, high-cis PBR prices fell by USD125/tonne week on week to an average of USD1,025/tonne CFR (cost and freight) northeast (NE) Asia, ICIS data showed. Demand for PBR has deteriorated as the automotive industry has been severely hit by the fallout from the COVID-19 pandemic.

- factiva.com, 17 Apr

**India: COVID-19 lockdown hits Kerala rubber production**

Though the Centre and state government relaxed the norms for plantation crops during the nationwide lockdown, rubber farmers and dealers across the state said the COVID-19 outbreak had already hit domestic rubber production. As per available statistics, rubber cultivation was carried out in 5.51 lakh hectares in 2018 with an annual production of 5.4 lakh tonnes. This year, the tapping season ended in February and was about to resume by March-end when the pandemic hit, leading to the lockdown. Now, most rubber farmers who kept stocks ready for sale during the off-season are facing severe financial crunch as many retailers are not ready to procure rubber.

- newindianexpress.com, 20 Apr

**Cambodia: Rubber exports up by 10 % in Q1**

Cambodia’s rubber export has increased 10% in the first quarter of this year compared with the same period last year, but the price of the commodity showed a slight decrease, according to a report from Ministry of Agriculture, Forestry and Fisheries. The figures showed that from January to March, Cambodia exported 53,057 tonnes of rubber, a 10% increase, with an average price of USD1,397 per tonne, representing a 1.2% decrease. Overall, the sector brought in approximately USD74 million in revenue for the period. Cambodia has 405,485 hectares of rubber plantations, of which 250,750 hectares (62%) are “cash crops”, that is, old enough to be tapped.

- khmertimeskh.com, 20 Apr

**Japan stimulus package boosted to USD1.1 trillion due to cash payouts: draft**

Japan’s economic stimulus package will be revised to 117.1 trillion yen (USD1.086 trillion) from 108.2 trillion yen, boosted by the expansion of a cash payout scheme aimed at lessening the pain from the COVID-19 outbreak, a draft obtained by Reuters showed.

Fiscal spending will account for 48.4 trillion yen, of which around 25.6 trillion yen will be funded by an extra budget for the fiscal year that began on April 1, it showed. The extra spending plan is expected to be approved by Prime Minister Shinzo Abe’s cabinet as early as April 20.

- reuters.com, 20 Apr

**Oil price crashes into negative territory for the first time in history amid pandemic**

U.S. crude oil futures collapsed below $0 on April 20 for the first time in history, amid a COVID-19-induced supply glut, ending the day at a stunning minus USD37.63 a barrel as desperate traders paid to get rid of oil. Brent crude, the international benchmark, also slumped, but that contract was nowhere near as weak because more storage is available worldwide.

- reuters.com, 20 Apr

**Demand for gloves amid COVID-19 outbreak boosts Thai rubber exports**

The Rubber Authority of Thailand said that the COVID-19 pandemic has given Thai rubber exports a major boost from higher global demand for rubber gloves in the medical industry. “We have seen Thai rubber export growth increase, particularly rubber gloves and synthetic rubber”, said acting governor of the Rubber Authority of Thailand Kajornsak Nuanpromsakul.

- thestar.com.my, 22 Apr
Senate passes USD484 billion interim economic stimulus package

The Senate passed USD484 billion in new pandemic relief funds to bolster a tapped-out small business aid program, pay for COVID-19 testing and help hospitals deluged by sick patients. The legislation, which the House could take up as early as April 23, includes USD320 billion for the Paycheck Protection Program designed to help struggling small businesses keep their workers on the payroll. The program has already committed all of the USD350 billion allocated when it was created just weeks ago.

- bloomberg.com, 22 Apr

Thailand: No curfew for rubber tappers

Though the rest of the country has had to observe the 10pm to 4am curfew since April 3, measures have been relaxed for rubber tappers in Songkhla's Thepha district. This is because rubber tapping has to be done at night or in the early morning so the latex can drip longer before the day's rising temperatures seal up the cut bark. Though the price of rubber is at its lowest rate and production is also low due to drought, the tappers are still able to make enough of a living. They are also not considered a risk group for COVID-19.

- nationthailand.com, 22 Apr

Japan's March auto sales extend fall

Japan's auto sales fell by 24% from a year earlier to 485,207, according to the Japan Automobile Dealers Association. The pace of the drop was the steepest on record for the month of March. All vehicle categories saw a fall in sales. Sales began to slump from last year's fourth quarter following the country's move to raise its consumption tax last October. Moves to contain the COVID-19 virus outbreak has exacerbated the slowdown in recent months. The drop in sales cut the country's total auto sales to 1.27 million in this year's first quarter, down by 17% from a year earlier. The quarterly volume was the lowest in nine years.

- argusmedia.com, 22 Apr

China cuts TMLF interest rate by 20 basis points in latest economy support step

China's central bank cut the interest rate on its targeted medium-term lending facility (TMLF) following similar reductions to borrowing costs on other liquidity tools in the past few weeks to support the economy. The People's Bank of China (PBOC) said it lowered the one-year interest rate on the TMLF by 20 basis points to 2.95% from 3.15% in the previous operation. In the same statement, the central bank said it injected 56.1 billion yuan (USD7.93 billion) into the economy on April 24, when a batch of 267.4 billion yuan of TMLF loans was due to expire.

- reuters.com, 24 Apr

Global economic contraction to be steepest on record, recovery U-shaped: Reuters poll

Pummeled into recession by the COVID-19 pandemic, the global economy will suffer its steepest contraction on record this year, with a longer, U-shaped recovery more likely, according to Reuters polls of economists from around the world. More than 55% or 87 of 155 economists said the global economic recovery would be U-shaped. Thirty-one analysts said it would be V-shaped and 24 said it be more like a check mark. A few respondents expected a W- or L- shape.

- reuters.com, 24 Apr

Japan’s stimulus to boost real GDP by 4.4%: economy minister

Japan’s new economic stimulus package in response to the COVID-19 pandemic is estimated to boost real gross domestic product (GDP) by about 4.4%, Economy Minister Yasutoshi Nishimura said. Nishimura also said the government would hold a meeting of experts to decide whether to extend the country’s state of emergency beyond 6 May.

- reuters.com, 24 Apr

India: Natural rubber sector seeks government support to stay afloat

Anticipating a depressed market in the post-COVID-19 days, the natural rubber (NR) sector has sought supportive measures like credit line for working capital, a moratorium on existing loans, and safeguard duties to curb imports so as to protect the interest of domestic growers. The absence of such remedial measures may spell trouble for the domestic rubber sector in the post-COVID-19 phase, especially in the wake of rising shipments of the commodity at lower cost from many producing countries. This may have an impact on the domestic rubber prices, sources in Association of Planters of Kerala said, adding lower crude price may push the crisis further.

- thehindubusinessline.com, 24 Apr
Sri Lanka rubber exports retains bounce on COVID-19 crisis

Sri Lanka’s rubber sector has got a bounce from COVID-19 with glove output sold out, the demand for solid tyres in construction and logistics sectors abroad would drive the rest of the demand, an official said. With production starting from mid-April factories were operating between 10 to 40% of capacity, Sri Lanka saw a surge in demand once the factories opened. “At this time, we are seeing a pent-up demand because factories have just opened up and are moving goods out,” Sri Lanka’s Export Development Board Chairman Prabash Subasinghe told an online forum by Advocata Institute, a Colombo-based think tank.

U.S. economy faces historic shock, with 16% joblessness possible, Trump adviser says

The shuttering of the U.S. economy due to the COVID-19 pandemic is a shock of historic proportions that will likely push the national unemployment rate to 16% or higher this month and require more stimulus to ensure a strong rebound, a White House economic adviser said. “It’s a really grave situation,” President Donald Trump’s adviser, Kevin Hassett, told the ABC program.

European carmakers restart production as COVID-19 lockdowns ease

Volkswagen will restart production at its Wolfsburg factory in Germany on April 27, the latest of a fleet of European carmakers to take advantage of eased COVID-19 lockdown rules to resume manufacturing. BMW, Daimler and VW are banking on Germany’s ability to trace and contain the new COVID-19, and a healthcare system capable of extensive testing to identify possible carriers of the disease. This stands in stark contrast to the United States, where the head of the United Auto Workers union said it was “too soon and too risky” to reopen auto plants in early May, citing insufficient COVID-19 testing.

World Bank pandemic bonds will funnel USD196 million to 64 poor countries

A World Bank pandemic funding programme will see USD195.84 million distributed as soon as next week among 64 of the world’s poorest countries that have reported cases of COVID-19 to help tackle the fast-spreading disease, the lender said.

Global vehicle sales by Japanese automakers dropped by 34% in March when the COVID-19 outbreak spread worldwide and are set to fall further in the months ahead as the crisis continues. Analysts expect that this will put consumers off buying new cars, cutting 2020 global vehicle sales by around a third, compared with an 11% fall after the global financial crisis.

Thai car sales fall in March

Thailand’s car sales fell in March for a 10th straight month, while auto sales in Australia and Indonesia also extended their sustained slide. Thailand’s car sales in March dropped by 42% from a year earlier to 60,105. Australia’s auto sales dipped by 18% in March to 81,690, according to the Federal Chamber of Automotive Industries. Auto sales in Indonesia fell in March for a ninth straight month, dipping by 14% to 76,800. The drop in demand cut the country’s total sales to 236,356 in the first quarter of the year, down by 7% from a year earlier.

Fed pledges to keep rates near zero until full employment, inflation come back

The Federal Reserve painted a dour picture of current conditions and pledged to continue its historically aggressive policy stance until it is comfortable that the U.S. economy is back on its feet.

Following this week’s Federal Open Market Committee meeting, the central bank said it would maintain its current interest rate target between 0% and 0.25%. The commitment
represents a pledge to hold rates near zero and keep them there until full employment returns and inflation gets back to around the Fed’s long-stated 2% goal.

- cnbc.com, 28 Apr

**China’s factory activity expands for 2nd month, but slump in export orders deepens**

Factory activity in China expanded for a second straight month in April as more businesses resumed work from the COVID-19-led shutdowns, but a worsening slump in export orders pointed to a long road to recovery for the embattled economy. China's official Purchasing Managers' Index (PMI) eased to 50.8 in April from 52 in March, China's National Bureau of Statistics said, but stayed above the neutral 50-point mark that separates growth from contraction on a monthly basis.

- news.trust.org, 30 Apr

**World: Commodities - EIU's monthly rubber outlook**

The Economist Intelligence Unit (EIU) has revised down its estimate of global consumption of natural rubber (NR) in 2020 sharply to -6.5% (-1% previously) to reflect the negative impact of measures to contain the COVID-19. Risks to this forecast are to the downside and, for now, we have assumed sharp contractions, especially in EU and North American usage, given media reports of closures at tyre factories. Global NR production fell by 1.7% in 2019, in large part owing to the leaf-fall disease (Pestalotiopsis), which affected vast swathes of Indonesia and spread into parts of Thailand, Malaysia and Vietnam.

- Refinitiv, 30 Apr
Malaysia’s NR Imports by Countries, February 2020

- Thailand: 29.0%
- Philippines: 12.9%
- Cambodia: 0.2%
- Vietnam: 0.7%
- Myanmar: 4.0%
- Indonesia: 0.1%
- India: 10.7%
- Cambodia: 0.0%
- Malaysia: 3.8%
- Others: 53.0%

Total: 135,494 tonnes

Malaysia’s NR Exports by Countries, February 2020

- China: 47.1%
- Germany: 9.7%
- Iran: 4.1%
- Turkey: 2.6%
- Finland: 2.9%
- Taiwan: 3.5%
- USA: 2.4%
- France: 1.1%
- Others: 23.7%

Total: 51,852 tonnes

Source: Department of Statistics Malaysia (DOSM)
Malaysia’s NR Exports by Types, February 2020

- SMR: 96.15%
- Latex: 3.77%
- Others: 0.04%
- RSS: 0.04%

Total: 51,582 tonnes

Malaysia’s NR Consumption by Sectors, February 2020

- Gloves: 76.3%
- Tyres & Tubes: 6.9%
- Rubber thread: 8.1%
- Rubber Compound: 0.3%
- Other products: 8.4%

Total: 41,512 tonnes

Source: Department of Statistics Malaysia (DOSM)