



# MALAYSIAN RUBBER DIGEST

2006  
FEBRUARY

*A monthly publication of the Malaysian Rubber Board*

## NR market review

### January

The Kuala Lumpur rubber market started the year on a firm note as bullish sentiment in 2005 continued to prevail. Compared with levels on 30 December, the price of SMR 20 gained 53.00 sen/kg or 8.4% to close at 684.50 sen/kg whilst latex concentrate closed also at 506.00 sen/kg, gaining 63.50 sen/kg or 14.4%. The price movements of selected grades of rubber in January are shown in Table 1.

Extending from the previous year-end uptrend, the beginning of the New Year saw the market continuing its steadier trend. Persistent consumer demand especially tyre manufacturers from China coupled with higher overseas advices under tight supply market conditions saw the prices of all grades pushing to greater heights. After the third trading day, the market took a breather for two days as market correction set in with improved supply from Thailand while buyers were sidelined, waiting for prices to fall after the recent rally. There after, prices rose sharply, fuelled by a firmer Tokyo market and speculation over possible shortfall of raw materials in the near term.

In the Tokyo rubber futures, prices were mostly higher boosted by fresh long buying from fund managers and shortcovering by

individual traders. Market sentiment remained bullish with the onset of wintering and the Lunar New Year break and this led to strong demand from Chinese and European buyers who were worried over an overall reduction in raw material supply. This helped prices to soar to new historic highs at the close of the review period.

### Outlook

Prices are expected to remain steady in the near term supported by strong buying interest amid tight supply condition, whilst the speculative futures market also supporting the bullish sentiment.

### News brief

#### *World NR producers urged to join forces*

The participation of several other natural rubber producers such as Vietnam and India in the tripartite grouping of the world's largest producers of natural rubber comprising Thailand, Indonesia and Malaysia, will result in a better management and control of global rubber stocks and prices.

Minister of Plantation Industries and Commodities, Datuk Peter Chin Fah Kui today said that cooperation between Thailand, Indonesia and Malaysia, currently producing 70% of world rubber, was seen to be

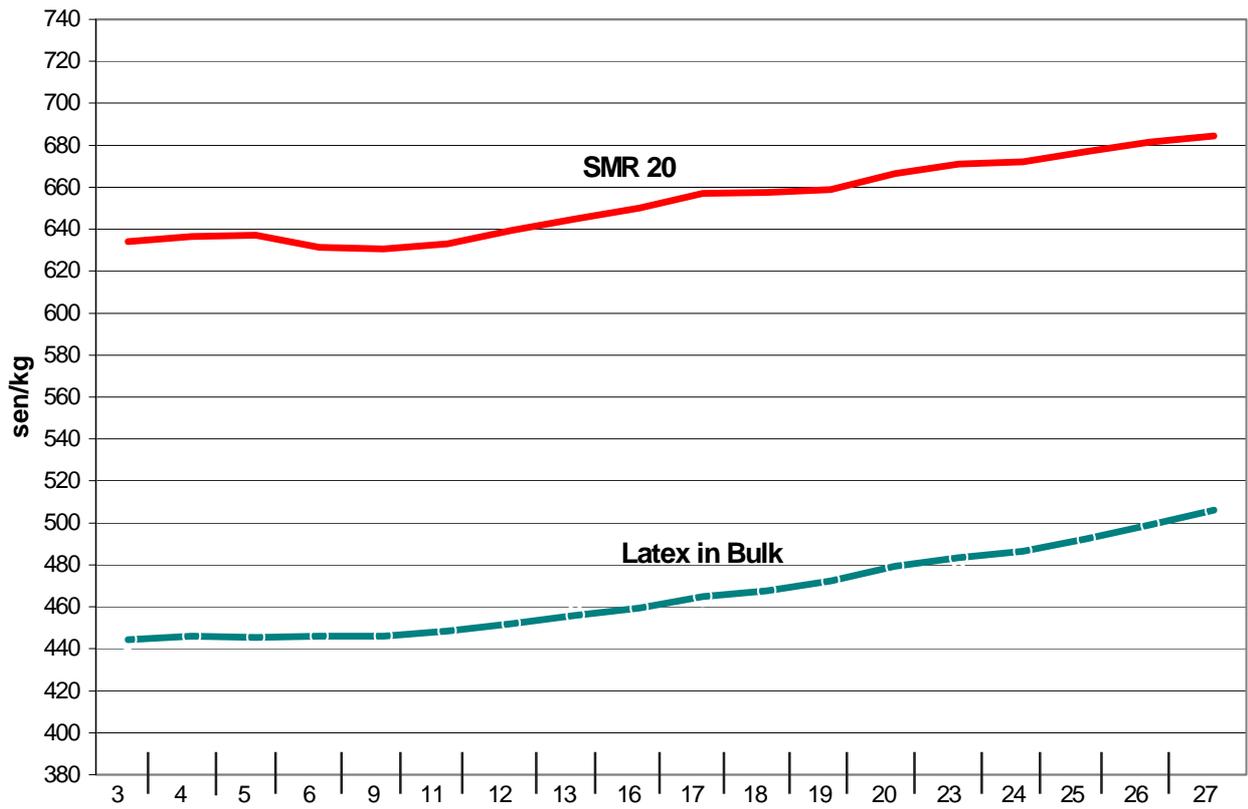
**Table 1: Prices of SMR CV, SMR 20 and Latex Concentrate, January 2005  
(sen/kg)**

	SMR CV	SMR 20	Latex concentrate*
Highest	763.50	684.50	506.00
Lowest	723.50	630.50	444.50
Average	740.42	653.50	466.00
Change from the last day of the previous month	+40.50	+53.00	+63.50

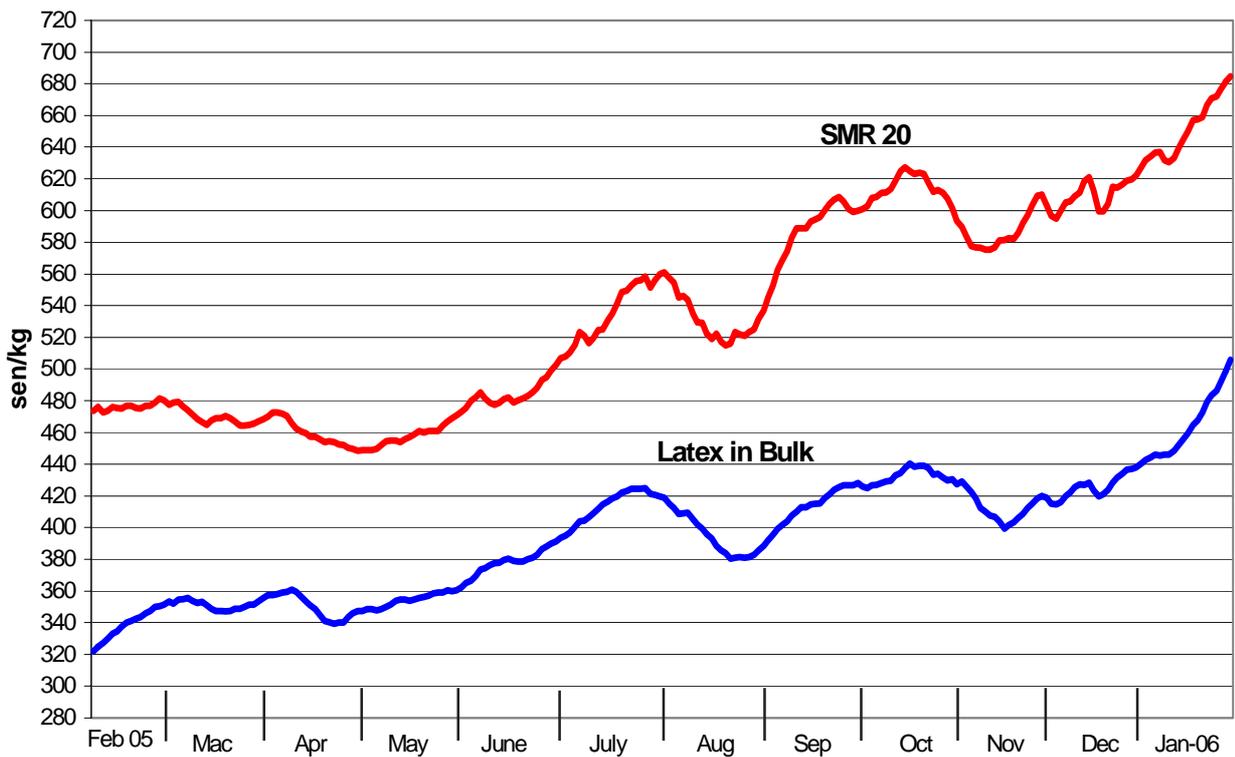
Note: \*Official price of latex concentrate in bulk, 60% DRC

Source: MRB

### MRB Daily Noon prices, January 2006



### SMR 20 and Latex (in Bulk,60% DRC) Noon Prices (2/2/05 - 27/1/06)



capable of setting the supply and price trends for the commodity.

He said that the eight countries accounted for 85% of rubber production in the world and if they worked together and joined the three-nation grouping of ITRC, there could be better and more efficient control of the supply and prices of rubber.

Chin said that the issue of managing the supply of natural rubber was of utmost importance as it was the determining factor on whether the world price of rubber would stay the same, go up or even go down.

-factiva.com, 14 Feb

### ***Vietnam's rubber exports jump 31.9% in 2005***

Vietnam exported a record 550,000 tonnes of rubber last year, earning US\$787 million, according to the General Statistic Office.

The exports increased by 31.9% in values and 11.9% in volume over 2004, the office reported.

The figures also exceeded the Government's targets on rubber exports for 2010 and maintained Vietnam as the third largest exporter on the international market. In addition, the rubber industry achieved the second largest export value after the food industry.

## **Trade enquiries**

<b>Enquirer</b>	<b>Product</b>	<b>Type of enquiry</b>	<b>Contact</b>
TFC Natural Fibre Products Co. Ltd,	Natural Latex	Seeking suppliers	Mdm Pat Liu TFC Natural Fibre Product Co. Ltd, Kejidong Rd. Lunjiao Industry Zone, Shunde, Fohsan, Guangdong, P.R. China Tel: +86-757-27722927 Fax: +86-757-27727318 Mobile: +86-13825504395 Email: <a href="mailto:Pat.liu@naturalifc.com">Pat.liu@naturalifc.com</a>
Abledex Ventures, Sdn Bhd	Natural Latex	Seeking suppliers	Abdul Raziff Abdul Rani, Abledex Ventures Sdn. Bhd., Ground Floor, Vrown House, Crystal Crown Hotel, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan Tel: 603-3001 1003 Fax: 603-3001 1006 Hp: 6012-2099 010 E-mail: <a href="mailto:raziff_rani@hotmail.com">raziff_rani@hotmail.com</a>

The Vietnam Rubber Corporation (Geruco) last year sold 316,000 tonnes, 25,000 tonnes higher than in 2004. It gained a record of VND3 trillion (US\$188.6 million) in revenue, an increase of VND785.6 billion over 2004, including VND2.8 trillion from rubber products.

-factiva.com, 3 Feb

### ***China becomes no. 2 car market***

China has overrun Germany and Japan to become the world's second largest auto market with sales of almost 5.92 million units last year, according to statistics from the China Association of Automobile Manufacturers.

China obtained accumulative production and sales of 5.7077 million units and 5.7582 million units in 2005, respectively rising by 12.56% and 13.54% year-on-year.

Morgan Stanley, a leading investment bank in the US, predicted that the Chinese auto market would grow by 15% to 20% this year and production capacity would climb 20%.

Industry experts estimated that Shanghai General Motors Co., Ltd. would continue to rank first this year and its major rivals Shanghai Volkswagen Automotive Co., Ltd. and FAW-VW would probably recover their market shares after carrying out new strategy.

-factiva.com, 16 Feb

### ***Japan exports hit 12-year high***

Japan's new-vehicle exports in 2005 rose to a 12-year high, led by shipments to the United States. Analysts predict more of the same in 2006.

The export gains pushed production levels in Japan higher despite flat local sales.

In 2005, Japanese exports rose 1.9% to 5,053,061 vehicles. Japanese car and truck production rose 2.7% to 10,799,659. Both output and exports rose for the fourth straight year.

Domestic Japanese sales edged up 0.1% in 2005 to 5,843,322. It was the first time exports topped 5 million since 1993.

*-factiva.com, 13 Feb*

### ***India fast becoming global auto giant***

India is fast emerging as a global automobile giant with both automobile and auto component sectors witnessing impressive growth in last decade, according to the latest India trade outlook report from DHL. "The automotive industry has emerged as one of the prominent manufacturing sectors of the Indian economy, contributing 4% of the GDP and providing direct employment to about 450,000 people," the report said.

Stating that global market offers immense opportunities to Indian automobiles' exporters, the report cautioned that they faced competition from Chinese counterparts, whose exports have grown phenomenally over the last five years.

The number of vehicles manufactured in India has risen from 2.4 million units in financial year 1994 to 8.7 million units in 2005, the report said.

*-factiva.com, 13 Feb*

### ***New car sales in Thailand decelerate***

New car sales in Thailand, South East Asia's biggest car market, fell for the first time in 11 months in January as rising fuel costs dampened buying, Toyota Motor Corp's local unit said.

Thai consumers have curbed purchases of goods such as houses, cars and washing machines as rising costs for fuel reduced their spending power.

South-East Asia's second-biggest economy probably expanded 4.5% in 2005, from 6.2% in 2004, on rising fuel costs, the central bank has said.

Japan's biggest carmaker said it had 35.5% of total new vehicle sales in Thailand last month.

*-New Straits Times, 15 Feb*

### ***World tyre giants expand China operation***

World tyre giants are stepping up efforts in expanding manufacturing bases in China in a bid to have a share of China's fast growing auto market.

Bridgestone Tire Co. of Japan has recently announced that it will build a synthetic rubber plant at a cost of about 100 million US dollars in Huizhou of South-China's Guangdong Province. Bridgestone had announced that its Huizhou Factory will start producing tyre for trucks and buses next year. Up to now, it has opened car, truck and bus tyre factories in Tianjing, Wuxi and Shenyang.

China's present tyre production accounts for about 9% of the world total.

Official statistics showed that the country tyre industry realized 79.4 billion yuan in sales revenue in 2004, rising 38% year-on-year.

*-factiva.com, 23 Jan*

### ***Economy to grow 5.5%: Mier***

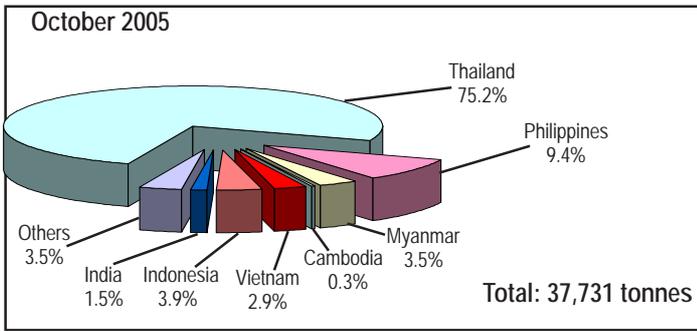
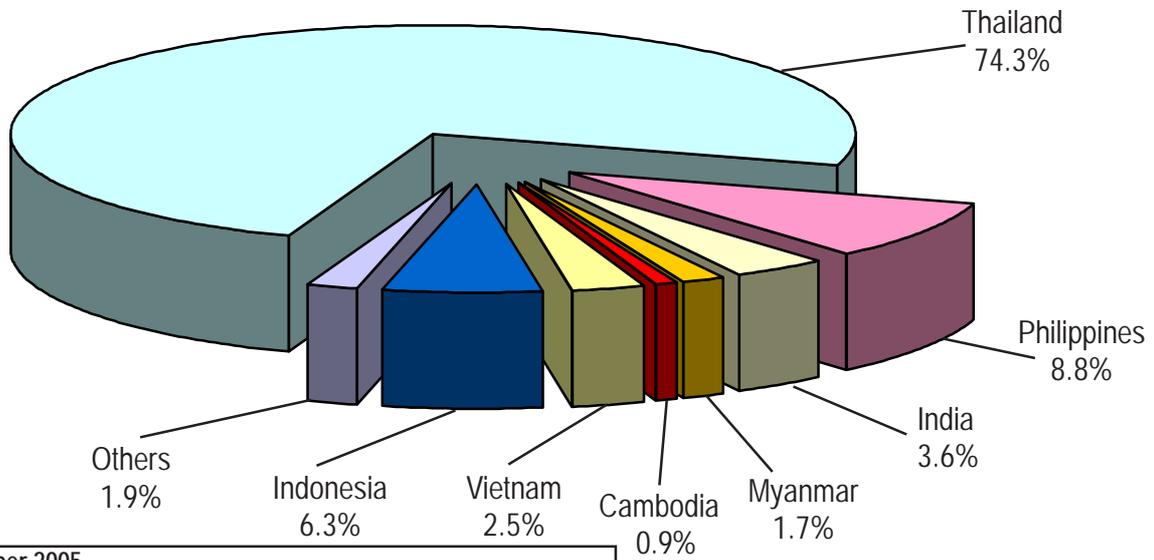
Malaysian economy is expected to grow from 5.5% this year from 5.3% in 2005, mostly driven by manufacturing and the brisk services sector, said the Malaysian Institute Economic Research (Mier).

Executive Director Dr Mohamad Ariff Abdul Kareem projected the manufacturing sector to grow at 5.5% while the services sector should expand at 6.6%.

*-New Straits Times, 20 Jan*



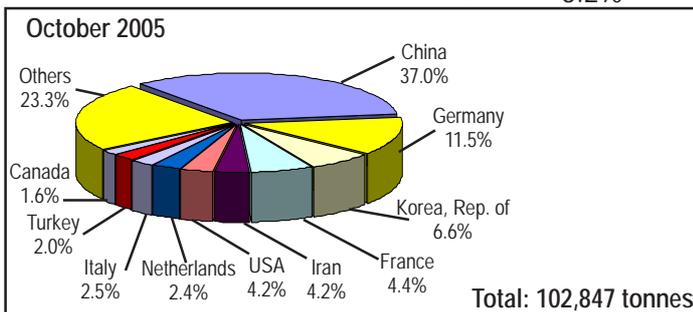
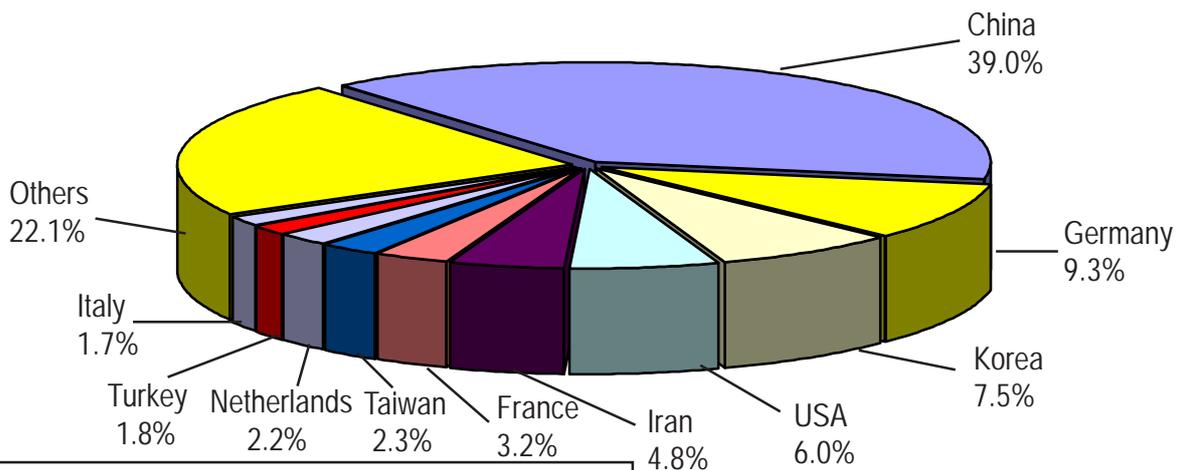
Malaysia's NR Imports by Countries November 2005



Total: 37,461 tonnes

Total: 37,731 tonnes

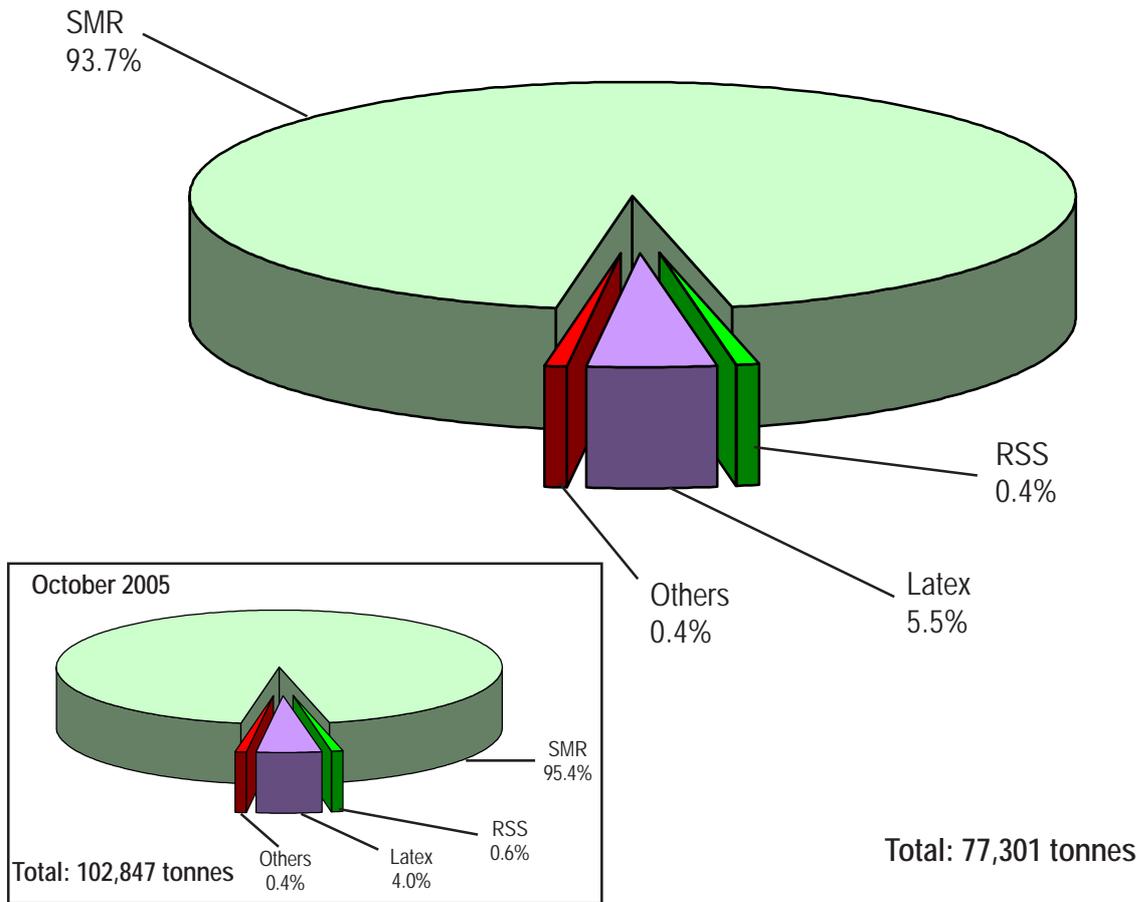
Malaysia's NR Exports by Countries November 2005



Total: 77,301 tonnes

Total: 102,847 tonnes

### Malaysia's NR Exports by types November 2005



### Malaysia's NR Consumption by sectors November 2005

