Natural Rubber Market Review

March

The Kuala Lumpur rubber market generally exhibited an uptrend in the first half of March buoyed by China’s economic recovery, the USD 1.9 trillion approved U.S. stimulus, additional economic stimulus provided by governments globally, U.S. Federal Reserve interest rates decision coupled with tighter natural rubber (NR) supply. After mid-month, the market exhibited a downtrend towards month end dragged down by lingering fears of COVID-19 pandemic coupled with the rising tensions between the U.S., Europe, and China. Nevertheless, further losses were capped by a weaker ringgit against the U.S. dollar. Compared with those on 26 February 2021, the price of SMR 20 was down by 80.0 sen/kg or 10.8% to close at 657.50 sen/kg. Meanwhile, latex concentrate closed at 659.50 sen/kg, a decline of 28.50 sen/kg or 4.1 per cent. Price movements of selected grades of rubber in March 2021 are shown in Table 1.

The bullish sentiment that supported the uptrend in March, especially during the first half and capped further losses in the second half includes China’s policy and economic developments. China’s Premier Li Keqiang announced their targeted growth of over 6% for 2021. The China Association of Automobile Manufacturers (CAAM) reported that China’s auto sales rose 364.8% year-on-year (y-o-y) to 1.46 million units in February 2021. Continuous recovery of China’s manufacturing sector whereby China’s industrial output growth quickened in January-February at 35.1% from a year earlier. The official manufacturing Purchasing Manager’s Index (PMI) rose to 51.9, with improving global demand adding further momentum to a solid economic recovery. The market also reacted positively to the decision of U.S. Federal Reserve to keep interest rates at near-zero levels through 2023 and gains in crude oil prices. Crude oil prices gained following the decision of Organization of the Petroleum Exporting Countries (OPEC) and its allies to not increase supply in April, U.S. vaccine rollouts and attacks on Saudi Arabian oil facilities. The market also welcomed the reduction of oil supplies on the possibility that oil shipments through the Suez Canal might be blocked for weeks. The positive sentiment was boosted by gains in regional rubber futures markets amid increased optimism over the U.S. economic recovery after the USD 1.9 trillion stimulus was approved coupled with encouraging

Table 1: Reference Prices (Noon) of SMR CV, SMR 20 and Centrifuged Latex (60% DRC), March 2021

<table>
<thead>
<tr>
<th></th>
<th>SMR CV</th>
<th></th>
<th>SMR 20</th>
<th></th>
<th>Centrifuged Latex (60% DRC)</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>sen/kg</td>
<td>RM/tonne</td>
<td>sen/kg</td>
<td>RM/tonne</td>
<td>sen/kg</td>
<td>RM/tonne</td>
</tr>
<tr>
<td>Highest</td>
<td>1,178.50</td>
<td>11,785.00</td>
<td>746.00</td>
<td>7,460.00</td>
<td>695.00</td>
<td>6,950.00</td>
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<tr>
<td>Lowest</td>
<td>1,119.00</td>
<td>11,190.00</td>
<td>657.50</td>
<td>6,575.00</td>
<td>659.50</td>
<td>6,595.00</td>
</tr>
<tr>
<td>Average</td>
<td>1,153.63</td>
<td>11,536.30</td>
<td>707.89</td>
<td>7,078.90</td>
<td>680.20</td>
<td>6,802.00</td>
</tr>
<tr>
<td>Change from the last day of the previous month</td>
<td>-47.50</td>
<td>-475.00</td>
<td>-80.00</td>
<td>-800.00</td>
<td>-28.50</td>
<td>-285.00</td>
</tr>
</tbody>
</table>

Source: Malaysian Rubber Board (MRB)
Reference Prices (Noon) for SMR 20 and Centrifuged Latex (60% DRC), March 2021

Source: Malaysian Rubber Board (MRB)

Reference Prices (Noon) for SMR 20 and Centrifuged Latex (60% DRC)
1 April 2020 - 31 March 2021

Source: Malaysian Rubber Board (MRB)
economic data from China. The announcement by the Euro zone Finance Ministers to extend public support for the economy through 2021 and 2022 to help the common currency area emerge from the COVID-19 crisis further lifted market sentiment. Market prices were also supported by decreased NR supply coupled with a weaker ringgit against the U.S. dollar. Department of Statistics Malaysia (DOSM) reported that Malaysia’s production of natural rubber decreased 8.2% in January 2021 to 45,735 tonnes as compared to 49,825 tonnes in the previous month. Y-o-y comparison also showed a decrease of 31.0 per cent. The ringgit weakened against the US dollar in March 2021 at RM 4.0495 - 4.1590, compared with RM 4.0305-4.0745 in February 2021.

Nevertheless, the declines in certain parts of March, especially the second half were due to losses in regional rubber futures markets as concern over COVID-19 lockdowns from a third COVID-19 wave in Europe dampened hopes for a sustained global recovery in demand for commodities like rubber. Fresh selling was also prompted by rising tensions between the U.S., Europe, and China. The bearish sentiment was also brought by losses in crude oil prices on concerns that new pandemic curbs and slow vaccine rollouts in Europe will slow a recovery in fuel demand. The cutting of prices by producers also indicated ample oil supply in the market. Market sentiment was also damped by the “diverging recoveries” among global economies warned by the International Monetary Fund (IMF) as they struggle with the ongoing COVID-19 pandemic, even as vaccines are approved. Disrupted production of automobiles due to the worldwide shortage of semiconductors and shipping containers added onto the negative sentiment.

**Outlook**

Prices are expected to trade within a tight range amid a third wave of COVID-19 in Europe and slower vaccine rollouts. Market is set to be supported by tighter NR supply from Pestalotiopsis leaf disease, wintering season and La Nina in some parts of the natural rubber producing countries. On the other hand, the Association of Natural Rubber Processing Countries (ANRPC) in its Natural Rubber Trends, February 2021 released on 9 March 2021 estimated the outlook of world production of natural rubber (NR) to fall 12.4%, year-on-year, to 897,000 tonnes in February 2021. Meantime, the world consumption of natural rubber is forecasted to recover at 47.5%, year-on-year, to 1.103 million tonnes. Prices are also expected to track the performance of ringgit, crude oil prices and regional rubber futures markets. Market players will also be monitoring the progress of U.S.-China relations, global economy recoveries and updates of COVID-19 pandemic.

**News Briefs**

**Vietnam Rubber Group to raise natural rubber output under its own brand**

The Vietnam Rubber Group (VRG) has announced that it will raise the volume of VRG-branded natural rubber (NR) to nearly 323,600 tonnes this year, making up 86% of its total exploited output. The rate is expected to hit 92% by 2022.

- bizhub.vn, 1 Mar

**Muhyiddin sees Malaysia’s economy improving in 2021 in line with global uptick**

The government expects Malaysia’s economic position to improve this year, in line with the recovery in global economic and trade activities, Prime Minister Tan Sri Muhyiddin Yassin said. Citing a World Economic Outlook report, he said the world’s gross domestic product (GDP) in 2021 was projected to recover at 5.5%, while world trade was also projected to grow at 8.1%.

- malaymail.com, 1 Mar

**USTMA: U.S. tyre shipments to rebound in 2021**

The U.S. Tyre Manufacturers Association is projecting a rebound in U.S. tyre shipments this year over 2020, although shipments still will fall 5% shy of the industry’s 2019 performance. The USTMA is forecasting a jump of 4.1% in overall shipments this year over 2020 to 315.7 million units, based largely on resurgent demand for passenger tyres in both the replacement and original equipment markets, which should grow
3.5% and 10.7%, respectively. Shipment growth in these two categories represent nearly 90% of the overall growth projected by the USTMA, which represents 13 companies with tire manufacturing capacity in the U.S.

- bernama.com, 2 Mar

**Export of rubber products jump to RM41billion**

Malaysia’s rubber products exports surged to a record RM40.96billion in 2020 due to the spike in exports of latex goods mainly medical devices such as gloves and catheters. In a statement, Malaysian Rubber Council (MRC) chief executive officer Brandon Chan said that last year’s exports surged by 75.6% from 2019. “The strong performance was contributed by the spike in exports of latex goods which posted a year-on-year growth of 95.3% last year,” he said.

- thestar.com.my, 3 Mar

**SGX acquires stake in rubber trading platform heveaconnect**

SGX (Singapore Exchange), through its wholly owned subsidiary Asian Gateway Investments, has invested SGD 1.99 million (USD1.5 million) in rubber trading platform HeveaConnect for a 9.09% stake. The acquisition is aimed at accelerating the digitalisation of the natural rubber industry. It follows February reports that SGX was exploring mergers and acquisitions to bolster its operations across asset classes and drive its ambitions as a multi-asset exchange.

- businesstimes.com.sg, 3 Mar

**Malaysian Rubber Council expects demand for medical gloves to eventually normalise this year**

The Malaysian Rubber Council (MRC) expects demand for medical gloves to eventually normalise as the COVID-19 vaccine is expected to be made widely available by the second half of 2021 (H2 2021). Chief executive officer Brandon Chan said the outlook for the industry is anticipated to remain positive with economic activities seen to gradually recover in H2 2021.

“Ongoing expansion plans by existing and new local players will also support the industry growth,” he said in a statement.

- malaymail.com, 3 Mar

**China sets 2021 GDP growth target of more than 6% as premier warns of ‘formidable tasks’ in finance**

The nation aimed for an urban unemployment rate of around 5.5% and targeted the creation of more than 11 million new urban jobs, the same as in 2019 and up from 9 million last year. China will also aim for an increase of around 3% in the consumer price index, a measure of inflation. China expects its 2021 budget deficit to be around 3.2% of GDP, compared with last year’s budget deficit target set at above 3.6% of GDP, Premier Li Keqiang said in his work report released at the start of China’s annual session of parliament, the National People’s Congress (NPC).

- cnbc.com, 4 Mar

**OPEC+ keeps production largely steady, Saudi Arabia continues voluntary cut**

OPEC and its oil-producing allies said the group would keep production largely steady through April. Saudi Arabia also said that it would extend its one million barrels per day voluntary production cut into April. The group approved the continuation of current production levels for April, except that Russia and Kazakhstan will be allowed to increase production by 130,000 and 20,000 barrels per day, respectively.

Analysts had broadly expected OPEC+ to reverse some of the output cuts it made last year. Crude futures have soared to pre-virus levels in recent weeks, driven higher by substantial OPEC+ production cuts and the mass rollout of COVID-19 vaccines in many high-income countries. Ahead of the meeting, OPEC’s de facto leader Saudi Arabia has publicly encouraged allied partners to remain “extremely cautious” on production policy, warning the group against complacency as it seeks to ensure a full oil market recovery.

- cnbc.com, 4 Mar
China exports jump 60.6% y/y in Jan-Feb, imports up 22.2%

China's exports jumped 60.6% in January-February from a year earlier and imports increased 22.2%, faster than expected from depressed 2020 levels, customs data showed. Analysts in a Reuters poll had expected exports to surge 38.9% from a year earlier after 18.1% growth in December. They had forecast a 15% jump in imports after a 6.5% increase in December. China posted a trade surplus of USD103.25 billion for the two months. Analysts in the poll had expected the surplus to narrow to USD60.00 billion from USD78.17 billion in December.

- reuters.com, 7 Mar

ANRPC Releases Natural Rubber Trends February 2021

Based on the preliminary estimates, the outlook of world production of natural rubber (NR) is likely to fall 12.4%, year-on-year (y-o-y), to 897,000 tonnes in February 2021. As a result of this favourable market fundamental amid the seasonal wintering in most NR producing countries, it has supported the upward trend observed in average monthly prices across key physical markets during the reference month. While the world consumption of NR is estimated to recover at 47.5%, y-o-y, to 1.103 million tonnes during the same month too. Apart from the favourable market fundamental in the NR, the rubber prices also tracked the similar trend of crude oil prices in February 2021 which posted a 13.7% growth averaged at USD62.28 per barrel while comparing to January 2021.

- anrpc.org, 9 Mar

Minister: Commodity, commodity-based products sectors contributed RM85.1b to Malaysia’s GDP in 2020

The commodity and commodity-based products sectors contributed RM85.1 billion to the country’s gross domestic product (GDP) last year, Plantation Industries and Commodities Minister Datuk Mohd Khairuddin Aman Razali said. He said of the amount, RM48.3 billion was contributed by the palm oil sector. “Knowledgeable and skilled human capital is needed to ensure that the country’s commodity sector performance remains sustainable.

- malaymail.com, 9 Mar

OECD: Vaccines, US stimulus boost global GDP forecast

The Organization for Economic Co-operation and Development (OECD) sharply raised its 2021 global growth forecast as the deployment of vaccines and a huge US stimulus programme have greatly improved economic prospects. The Paris-based OECD says it now expects the global economy to grow by 5.6%, an increase of 1.4 percentage points from its December forecast.

- malaymail.com, 10 Mar

Thai rubber producer expects strong global demand this year

SET-listed rubber producer Sri Trang Agro-Industry estimates global demand for natural rubber (NR) will rebound to 13.4 million tonnes this year, a rise of 7% from last year. Veerasith Sinchareonkul, Sri Trang executive director, said demand for NR in 2021 is likely to recover strongly as the COVID-19 pandemic recedes. The price of block rubber in February 2021 rose to more than 160 US cents per kilogram, 22% up on the 2020 average of 131 cents per kilo.

- thestar.com.my, 10 Mar

Biden signs USD1.9 trillion Covid relief bill, clearing way for stimulus checks, vaccine aid

President Joe Biden signed the USD 1.9 trillion COVID-19 relief package on 11 March 2021. The plan, his top priority as president, sends direct payments of up to USD1,400, extends a USD300 per week unemployment insurance supplement, expands the child tax credit and puts funds into vaccine distribution. Democrats passed the legislation on their own in Congress, as Republicans question the need for a major stimulus package while the economy improves.

- cnbc.com, 11 Mar
**Chinese auto sales surge 365% to 1.46 million units in February**

China's auto sales rose 364.8% year-on-year (y-o-y) to 1.46 million units in February, data from an industry association has confirmed.

The huge growth was due to the sharp drop in sales during the same period last year and the country's recovering market demand this year, according to the China Association of Automobile Manufacturers (CAAM). In the first two months of 2021, auto sales totaled 3.958 million units, up 76.2% y-o-y year.

- thestar.com.my, 12 Mar

**MPIC, MRB plan various programmes to continue empowering rubber industry**

The Ministry of Plantation Industries and Commodities (MPIC) and the Malaysian Rubber Board (MRB) have planned various programmes and initiatives to continue empowering the country's rubber industry through several platforms.

In a statement, Plantation Industries and Commodities Minister Datuk Dr Mohd Khairuddin Aman Razali said in the latest development, MPIC through MRB held a Rubber Forum 2021 to share information and engage in interaction sessions with various stakeholders.

He said the latest issues and problems were discussed to strengthen the nation's rubber industry in both the upstream and downstream sectors.

- bernama.com, 13 Mar

**China represented 17% of the global economy in pandemic plagued 2020**

China's GDP broke through the 100-trillion-yuan (USD 15.5 trillion) mark, achieving an increase of 2.3% in 2020 despite the impact of COVID-19. China's economic output is forecast to account for more than 17% of the world's economy in the COVID-19-plagued 2020.

As the sole economy recording positive GDP growth last year, China will ramp up efforts and strive to achieve higher quality, more efficient, sustainable and safer development in 2021, a senior government official revealed in Beijing.

- en.mercopress.com, 13 Mar

**Malaysia, ASEAN to benefit most from China’s new economic strategies**

China’s most important meetings of the year “Two Sessions” have unveiled Beijing’s medium- and long-term economic goals and strategies that experts believe will not only boost China's quality development and modernisation but will also benefit the world, in particular The Association of Southeast Asian Nations (ASEAN). As Malaysia is part of the 10-nation ASEAN, China’s biggest trading partner, it will gain from Beijing’s strategies as long as Putrajaya continues to embrace foreign policies deemed as friendly or at least non-toxic towards Beijing.

- thestar.com.my, 14 Mar

**Production of natural rubber decreased 8.2 per cent in January 2021**

Production of natural rubber decreased 8.2% in January 2021 to 45,735 tonnes as compared to 49,825 tonnes in the previous month. Year-on-year comparison also showed a decrease of 31.0 per cent. Exports of Malaysia’s natural rubber amounted 48,125 tonnes in January 2021, a decrease of 21.8% against 61,547 tonnes in December 2020.

P.R. China remains as the main destination for natural rubber exports with 43.4 per cent of total exports in January 2021 followed by Iran (8.5%), Germany (5.9%), Turkey (5.1%) and Finland (4.3%). Rubber gloves industry continues to dominate the use of natural rubber with 35,978 tonnes or 76.4% from the total domestic consumption.

- dosm.gov.my, 15 Mar

**China industrial output rises 35.1% year-on-year in January-February**

China's industrial output grew 35.1% in January-February from a year ago, faster than the 7.3%
gain in December, official data showed, adding further momentum to a recovery that is set to underpin solid economic growth. The figure beat a 30.0% on-year surge expected by analysts in a Reuters poll. Retail sales increased 33.8% from a year earlier in the first two months, compared with a rise of 32% tipped by analysts, marking a significant jump from 4.6% growth in December and after a 20.5% contraction for January-February of 2020.

- reuters.com, 15 Mar

China central bank rolls over 100 billion yuan of medium-term loans, keeps rate unchanged for 11th month

China’s central bank injected medium-term loans into the banking system while keeping the interest rate unchanged for an 11th straight month. The People’s Bank of China (PBOC) said in a statement it was keeping the rate on 100 billion yuan (USD 15.37 billion) worth of one-year medium-term lending facility (MLF) loans to financial institutions steady at 2.95% from previous operations.

- reuters.com, 15 Mar

Malaysia's rubber glove revenue to grow 8% to RM38b this year, says MARGMA

Malaysia's export revenue is expected to grow at a slower pace of 8% to RM38 billion in 2021, compared with a 103% growth last year, said the Malaysian Rubber Glove Manufacturers Association (MARGMA), taking into account shorter lead time and lower average selling prices (ASPs). The export revenue was at RM35.3 billion last year, a big leap from RM17.35 billion in 2019, due to abnormally strong demand for rubber gloves as a result of the Covid-19 pandemic.

- theedgemarkets.com, 15 Mar

Euro zone ministers pledge to extend fiscal support through 2022

Euro zone finance ministers promised to extend public support for the economy through 2021 and 2022 to help the common currency area emerge from the COVID-19 crisis, saying they would deal with rising debt only once recovery is on track. The ministers, known as the Eurogroup, also said the public support, so far worth 8% of euro zone gross domestic product in national fiscal measures and 19% of GDP in liquidity measures, or more than 3 trillion euros (USD3.58 trillion) in total, would be maintained as long as there is an acute health crisis.

- reuters.com, 16 Mar

China demand stretches rubber prices

Cambodia exported a total of 83,620 tonnes of natural rubber (NR) latex in January-February, representing a year-on-year (y-o-y) increase of 10.3% from 75,809 tonnes. The prices of Cambodian NR latex on international markets have risen by more than 10% y-o-y in the first quarter, driven by rising demand from China, according to a senior official of the Ministry of Agriculture, Forestry and Fisheries. General Directorate of Rubber head Pol Sopha told The Post that China’s “improved economic growth” had boosted demand for rubber in the East Asian country.

- phnompenhpost.com, 16 Mar

NR latex prices 'substantially higher' as gloves demand surges

Natural Rubber (NR) Latex prices are substantially higher thanks to short supply, high demand from glove manufacturers and nitrile supply issues, according to the Association of Natural Rubber Producing Countries (ANRPC). Latex rubber supply was "abnormally low" during the month of February, according to a 4th March market intelligence report by ANRPC. According to ANRPC, the Kuala Lumpur local market saw NR latex prices jump 21.7% within the few days between 15th - 26th February. Furthermore, the spike in latex prices permeated into other forms of NR as farmers converted to selling the produce in the form of fresh latex instead of disposing in the form of cup-lump or sheets.

- rubbernews.com, 16 Mar
**Shortage of new shipping containers adds to global trade turmoil**

The world’s biggest makers of shipping containers are scrambling to meet a surge in demand for the metal boxes that shuttle some 90% of the goods around the global economy. A trade boom in the second half of last year caught the container producers — mostly Chinese companies — by surprise as the pandemic threw the existing supply of about 25 million boxes off their normal routes. The manufacturers have been ramping up output ever since, but they’re unable to alleviate shortages that have underpinned soaring freight rates for six months.

The container tightness and port congestion that’s accompanying it may extend into the second half of 2021, with recoveries in the U.S. and European economies expected to keep demand high for Chinese goods.

- bloomberg.com, 16 Mar

**Fed to keep its key rate near zero through 2023**

The US Federal Reserve foresees the economy quickly accelerating this year but still expects to keep its benchmark interest rate pinned near zero through 2023, despite concerns in financial markets about potential higher inflation.

The Fed also said that it foresees the economy growing at a 6.5% pace this year, up from a previous projection in December of 4.2 per cent. It also expects inflation to reach 2.4% in 2021, above its target of 2 per cent, but expects inflation to fall back to around 2 per cent in 2022.

- afr.com, 18 Mar

**Sri Lanka rubber plantations face devastation from Pestalotiopsis leaf disease**

A leaf fall disease caused by Pestalotiopsis, a fungus has begun to ravage Sri Lanka’s rubber plantations and could reach epidemic proportions in the coming rainy season and hit yields, an industry body has warned. "High humidity favours the spread of the disease causing defoliation and a considerable yield loss and ultimately the death of the tree," The Colombo Rubber Traders’ Association (CRTA) said in a statement.

- economynext.com, 18 Mar

**Rubber replanting assistance rate increased, says minister**

The rubber replanting assistance rate for this year has been increased to RM13,710 per hectare for the Peninsula, followed by RM14,805 (for Sarawak) and RM14,955 (Sabah) respectively, said Rural Development Minister Datuk Dr Abdul Latiff Ahmad.

He said the government had also agreed to provide an additional allocation of RM15.7 million to the Rubber Industry Smallholders Development Authority (RISDA) to control the
Pestalotiopsis disease (leaf blight) found damaging rubber trees.

- theedgemarkets.com, 18 Mar

**RISDA aims to raise smallholders’ household income to RM4,500**

Rubber Industry Smallholders Development Authority (RISDA) is aiming to raise smallholders’ monthly household income to RM4,500 through the newly launched RISDA Strategic Planning Model (MPSR) 2021-2025. The strategic plan is a continuation of RISDA’s previous five-year plan which ended last year and was formulated in line with the 12th Malaysia Plan. Rural Development Minister Datuk Dr Abdul Latiff Ahmad said among the initiatives formulated through the strategic plan is to encourage young generations to be involved in domestic agricultural production.

- themalaysianreserve.com, 19 Mar

**EU new car sales drop 19% in February**

New passenger car registrations in the European Union (EU) dropped by 19.3% during the month of February, as COVID-19 containment measures and uncertainty continued to weigh heavily on demand. With 771,486 units registered across the EU region, the figure marked the lowest February total on record since 2013, the European Automobile Manufacturing Association (ACEA) said on 17th March.

- european-rubber-journal.com, 19 Mar

**IMF chief aims for formal proposal for $650 billion reserve expansion by June**

International Monetary Fund Managing Director Kristalina Georgieva said she would present the IMF’s board with a formal proposal for a possible USD650 billion expansion of the Fund’s emergency reserves by June. In a statement released, Georgieva said new allocation of SDRs, the IMF’s own currency, would add a substantial, direct liquidity boost to countries, without increasing their debt burdens.

- reuters.com, 23 Mar

**China to increase high-quality imports as economy recovers, vice premier says**

China will step up imports of high-quality foreign goods and services as the economy makes a steady recovery, vice premier Han Zheng said. The world’s No.2 economy, will strengthen macro policy coordination with other countries, Han told the China Development Forum, a high-level business gathering hosted by the Development Research Centre of the State Council. China’s economy expanded 2.3% last year, making it the only major economy to report growth, although the growth was its weakest in 44 years. Its economy is widely predicted to expand by more than 8% in 2021, led by an expected double-digit rise in the first quarter, but analysts and officials say the recovery remains uneven.

- reuters.com, 21 Mar

**White House considering USD3 trillion for US economy: Reports**

President Joe Biden’s administration is considering spending USD3 trillion on infrastructure in the United States, split into two Bills that face narrow paths to approval in Congress, US media reported on 22nd Mar. The infrastructure plan would follow the USD1.9 trillion American Rescue Plan Biden signed earlier month, which was aimed at helping the world’s largest economy recover from the damage done by the COVID-19 pandemic.

- channelnewsasia.com, 23 Mar

**Automakers, dealers back coalition urging rollback of Trump-era tariffs**

Industry groups representing automakers and dealers of imported vehicles are supporting a newly relaunched coalition that is calling for the rollback of certain tariffs imposed by the Trump administration.

The Tariff Reform Coalition a group of 37 associations including Autos Drive America, the American Automotive Policy Council and the American International Automobile Dealers Association urged policymakers on Wednesday to remove Section 232 tariffs on imported steel
and aluminum and reassess Section 301 tariffs on imports from China.

- autonews.com, 24 Mar

**Ivory Coast ranks fourth globally in rubber production**

Ivory Coast has been ranked the fourth largest rubber producer in the world, according to the country’s Association of Natural Rubber Professionals (APROMAC). Ivory Coast produced nearly one million tonnes of natural rubber (NR) in 2020 which represents 80% of the continent’s latex. Ivory Coast rubber production has continued to rise since 2005 when they produced a paltry 170,000 tonnes of the product.

- africanews.com, 24 Mar

**The global auto plants now idle as chip supplies dry up**

Many of the world’s biggest automakers are suspending operations at their factories in Asia, Europe and North America due to a persistent shortage of semiconductors that was exacerbated by a fire at a key chip-producing plant over the weekend. The auto industry may lose USD61 billion of 2021 sales from chip shortages.

The shortage initially came about as rising demand for cars coincided with a boom in the market for devices such as laptops, webcams and gaming systems as people spent longer at home due to the pandemic.

- bloomberg.com, 24 Mar

**IMF warns of ‘diverging recoveries’ post-pandemic**

The IMF warned of “diverging recoveries” among global economies as they struggle with the ongoing COVID-19 pandemic, even as vaccines are approved. “We are seeing overall improvement in the global economy, but with many countries and people, too many, still left behind,” the Washington-based crisis lender’s spokesman Gerry Rice said.

- icorubber.com, 25 Mar

“*We have described it in the past as diverging recoveries and countries being at very different levels, and I think we’re still seeing that broad picture.*”

- malaymail.com, 25 Mar

**U.S. GDP growth in fourth quarter raised slightly to 4.3% and all signs point to economy speeding up**

The U.S. economy expanded in the fourth quarter at a revised 4.3% annual pace a touch higher than previous reported and even faster growth is expected in the months ahead. Gross domestic product was raised from the previous reading of 4.1% mostly because of somewhat higher business investment, revised government figures show. The economy appears to be speeding up again after slowing toward the end of the year following a record COVID-19 outbreak.

- marketwatch.com, 25 Mar

**Weather Patterns in Thailand, Indonesia, and Malaysia (TIM) – IRCo**

With reference to various meteorological sources, natural rubber (NR) production areas in Southern Thailand, Indonesia and Malaysia (TIM) are expected to experience the La Nina phenomenon between April and to June 2021. According to Reuters and NOAA, high rainfall and wetter-than-average rainfall conditions are expected to continue until August 2021. Due to La Nina, the weather conditions towards the end of 2021 remain uncertain. If the La Nina phenomenon persists and lingers for a long period, it would interrupt tapping activities as it reduces the tapping days of rubber smallholders. Hence, natural rubber production in this region is expected to be affected in 2021.

- icorubber.com, 25 Mar

**Blocked Suez Canal raises new threat to global supply chains**

The fallout from one of the world’s largest container ships getting stuck in the Suez Canal has disturbed commodity markets and threatened to damage an already distressed global supply
chain. The Ever Given, the 400-meter container ship operated by Taiwan-based Evergreen Group, became stuck sideways in one of the world's busiest shipping arteries, choking off the shortest shipping route from Asia to Europe. Egypt's Suez Canal Authority blamed the incident on low visibility from a sandstorm.

Nearly 19,000 vessels passed through the Suez Canal last year, according to the canal authority, or more than 50 ships a day. About 12% of world trade by volume passes through the canal, including large volumes of crude oil and natural gas. The oil market has reacted markedly. Futures for Brent crude oil, an international benchmark, jumped 3% at one point 24 March due to concerns of tighter supplies. In New York, crude futures for May deliveries climbed 5%.

- asia.nikkei.com, 25 Mar

**China set to lead recovery of East Asian and Pacific economies: World Bank**

China is expected to lead the recovery of East Asian and Pacific economies this year, but many nations will record sub-par growth as they struggle to emerge from the COVID-19 pandemic, according to new World Bank forecasts released. The World Bank's latest East Asia and Pacific Economic Update predicts China's economy will expand by 8.1% in 2021, compared with 2.3% the previous year, powering a 7.4% region-wide expansion, up from 1.2% in 2020. Excluding China, by far the region's biggest economy, growth will only be 4.4% in East Asia and the Pacific, an improvement on a 3.7% contraction the year before but still below the long-term average.

- reuters.com, 26 Mar

**China's strong factory growth in March bolsters economic recovery**

China's manufacturing activity expanded at the quickest pace in three months in March as factories cranked up production after a brief lull during the Lunar New Year holidays, with improving global demand adding further momentum to a solid economic recovery. The official manufacturing Purchasing Manager's Index (PMI) rose to 51.9 from 50.6 in February, data from the National Bureau of Statistics (NBS) showed, remaining above the 50-point mark that separates growth from contraction for the 13th straight month. Analysts had expected it to rise to 51.0.

- reuters.com, 31 Mar

**China's Jan-Feb industrial profits surge in boost to economic recovery**

Annual profits at China's industrial firms surged in the first two months of 2021, highlighting a rebound in the country's manufacturing sector and a broad revival in economic activity from the COVID-19 crisis early last year. Profits stood at 1.114 trillion yuan (USD170.31 billion) in the first two months of 2021, up 179% from the same period last year when the COVID-19 pandemic paralysed economic activity, data from the National Bureau of Statistics (NBS). They were also up 72.1% from the 2019 levels, bringing the two-year average growth to 31.2%, according to NBS.

- reuters.com, 27 Mar
Malaysia’s NR Imports by Countries, January 2021

Total: 132,152 tonnes

- Thailand: 34.1%
- Philippines: 9.9%
- Indonesia: 5.5%
- Cambodia: 2.4%
- Vietnam: 0.8%
- Myanmar: 0.1%
- Others: 46.6%

Total: 142,441 tonnes

Malaysia’s NR Exports by Countries, January 2021

Total: 48,125 tonnes

- China: 43.4%
- Others: 24.7%
- Finland: 4.3%
- Germany: 5.9%
- Turkey: 5.1%
- USA: 3.2%
- Korea, Rep. of: 1.8%
- Egypt: 1.0%
- Iran: 8.5%
- Taiwan: 2.2%
- Others: 18.2%
- Korea, Rep. of 1.4%
- Egypt 1.3%
- Turkey 2.4%

Total: 61,547 tonnes

Source: Department of Statistics Malaysia (DOSM)
Malaysia’s NR Exports by Types, January 2021

- SMR 96.9%
- RSS 0.0%
- Latex 3.0%
- Others 0.0%

Total: 48,125 tonnes

December 2020
- SMR 97.4%
- RSS 0.0%
- Latex 2.6%
- Others 0.1%

Total: 61,547 tonnes

Malaysia’s NR Consumption by Sectors, January 2021

- Gloves 76.4%
- Tyres & Tubes 5.9%
- Rubber thread 9.1%
- Rubber Compound 0.3%
- Other products 9.2%

Total: 47,115 tonnes

December 2020
- Gloves 74.4%
- Tyres & Tubes 6.6%
- Rubber thread 9.6%
- Rubber Compound 0.3%
- Other products 9.2%

Total: 42,356 tonnes

Source: Department of Statistics Malaysia (DOSM)