Natural Rubber Market Review

April

The Kuala Lumpur rubber market generally traded mixed in April within a tight range. The positive factors throughout the month include China’s economic recovery, brighter global economic outlook, continuous economic support by governments globally coupled with tighter natural rubber (NR) supply. Nevertheless, the market was dragged down by losses in regional rubber futures markets and oil prices from lingering fears that COVID-19 pandemic will disrupt global economic recovery on top of a stronger ringgit against the U.S. dollar. Compared with those on 31 March 2021, the price of SMR 20 was up by 24.0 sen/kg or 3.7% to close at 681.50 sen/kg. Meanwhile, latex concentrate closed at 616.50 sen/kg, a decline of 43.0 sen/kg or 6.5 per cent. Price movements of selected grades of rubber in April 2021 are shown in Table 1.

The main bullish sentiment that contributed to gains in April and capped further losses were a series of positive global economic data. China’s economy grew at a record pace in the first quarter, expanding 18.3% from a year earlier as the recovery from the COVID-19 slump accelerated. The China Association of Automobile Manufacturers (CAAM) reported that China’s auto sales rose 74.9% year-on-year (y-o-y) to 2.53 million units in March 2021. In March, China’s industrial output grew 14.1% y-o-y, retail sales rose at a solid pace at 34.2% y-o-y, while exports rose 30.6% y-o-y. Industrial profits climbed 92.3% in March from a year ago supported by a booming economy and rising factory gate prices. The market also reacted positively when the International Monetary Fund (IMF) upgraded its global economic growth forecast for the second time in three months and the announcement of U.S. GDP. IMF estimated 2021 global growth at 6% and Asia at 7.6%. According to the Commerce Department, U.S. GDP increased at a 6.4% annualized rate in the first quarter of 2021. The cooperation between the U.S. and China on sustainable finance under the Group of 20 (G20) announced by Kristalina Georgieva, IMF Managing Director cushioned losses. The market was further lifted by gains in regional rubber futures markets, crude oil prices and decreased NR raw material. Regional rubber futures markets were firmer amid a streak of strong U.S. economic data, a rally in Shanghai market which prompted fresh buying, gains in

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

<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>1,113.50</td>
<td>11,135.00</td>
<td>685.00</td>
</tr>
<tr>
<td>Lowest</td>
<td>1,026.00</td>
<td>10,260.00</td>
<td>646.00</td>
</tr>
<tr>
<td>Average</td>
<td>1,059.08</td>
<td>10,590.80</td>
<td>667.85</td>
</tr>
<tr>
<td>Change from the last</td>
<td>-71.50</td>
<td>-715.00</td>
<td>24.00</td>
</tr>
<tr>
<td>day of the previous</td>
<td></td>
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<td>month</td>
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Source: Malaysian Rubber Board (MRB)
Reference Prices (Noon) for SMR 20 and Centrifuged Latex (60% DRC), April 2021

Source: MRB
global share markets and retained European Central Bank stimulus. Crude oil prices rose from a decline in U.S. crude oil supplies, prospects for a stronger global economic growth amid increased COVID-19 vaccinations coupled with the monthly report of Organization of Petroleum Exporting Countries and allies (OPEC+)’s that boosted 2021 consumption forecast. Meanwhile, the Department of Statistics Malaysia (DOSM) reported that Malaysia’s production of natural rubber decreased 0.1% y-o-y in February 2021 to 49,840 tonnes.

Nevertheless, the declines in certain parts of April, were due to losses in regional rubber futures markets amid worries on the escalating number of COVID-19 cases in Asia that raised concerns over a slower recovery for the global economy and demand for commodities including rubber. The bearish sentiment was also contributed by losses in crude oil prices from a surprise build in U.S. crude inventories and decision of OPEC+ to gradually ease some of its production cuts between May and July. Resurgence of COVID-19 cases in India and Japan further raised concerns that a recovery in fuel demand may slow. Market players reacted negatively to stifled production of automobiles from widening worldwide microchip and rubber stock shortages. Cooling down of China’s economic recovery and a stronger ringgit against the U.S. dollar pressured the market. According to data released by the National Bureau of Statistics (NBS), China’s official manufacturing PMI fell to 51.1 in April from 51.9 in March as supply and transport bottlenecks weighed on production and overseas demand lost momentum. Meanwhile, the ringgit strengthened against the US dollar in April 2021 at RM4.0985 - 4.1465, compared with RM4.0495 - 4.1590 in March 2021 amid weaker US Treasury yields.

**Outlook**

Prices are expected to be sustained at current levels supported by a brighter global economic outlook amid lingering concerns from the escalating COVID-19 cases in Asia. Market is set to be supported by tighter NR supply in some parts of the natural rubber producing countries. On the other hand, the ANRPC in its Natural Rubber Trends, March 2021 released on 13 April 2021 forecasted the outlook of world production of natural rubber (NR) is likely to fall 5.7%, year-on-year, to 13.793 million tonnes in 2021. Meantime, the world consumption of natural rubber is estimated to recover 5.8% year-on-year, to 13.571 million tonnes. Prices are also expected to be influenced by the movement of ringgit, crude oil prices and regional rubber futures markets. Market players will also be monitoring the progress of global economy recoveries, government economic stimulus and updates of COVID-19 pandemic.

**News Briefs**

**Asia’s factory recovery picks up but cost pressures emerge**

Asia’s factories stepped up production in March as a solid recovery in global demand helped manufacturers move past the setbacks of the pandemic, although rising costs are creating new challenges for businesses in the region. A series of upbeat factory surveys released reinforce market optimism that vaccine rollouts, as well as strong growth in global powerhouses like the United States and China, will help economies emerge from their sharp downturns of 2020.

- reuters.com, 1 Apr

**Malaysian manufacturers signal first employment expansion in 12 months**

Malaysian manufacturers signalled the first expansion in employment levels in 12 months in the latest IHS Markit Malaysia Manufacturing Purchasing Managers’ Index (PMI) survey period in March 2021 as preparation for orders in the future reportedly required additional capacity and pushed the seasonally-adjusted employment index to the highest since April 2019 as the global economy contended with the impact of the COVID-19 pandemic.

- theedgemarkets.com, 1 Apr

**India: Rubber Board to conduct census on natural rubber plantations, prepare database**

The Rubber Board plans to conduct a census on natural rubber (NR) plantations in the country in a phased manner that will help it prepare a database for rubber. KN Raghavan, Executive Director, Rubber Board, said that the census
aims to ascertain the actual area under rubber, the age profile of rubber trees, discarded area, level of adoption of new clones and the influence of improved clones in production and productivity etc.

- thehindubusinessline.com, 1 Apr

**Stretched to the limit, Vietnam farmers chop down rubber trees**

After weathering repeated storms, central Vietnam latex farmers have lost out to market turbulence and are chopping down their rubber trees. Pham Thi Xuyen, a resident of Song Tra Commune in Quang Nam province’s Hiep Duc District, has been hiring people to chop down rubber trees, all over 10 years old, at her two-hectare (five-acre) farm.

It costs VND60,000 (USD2.60) to cut down each tree, which is higher than the VND40,000 for each seeding, but Xuyen has decided she has no choice.

- e.vnexpress.net, 4 Apr

**US: Markit Services PMI improves to 60.4 (final) in March from 59.8 in February**

The economic activity in the US service sector expanded at its stronger pace since July 2014 with the IHS Markit’s Services PMI rising to 60.4 (final) in March from 59.8. This reading came in better than the market expectation and the flash estimate of 60. Furthermore, the Composite PMI improved to 59.7 in March, compared to analysts’ estimate of 59.1.

- fxstreet.com, 5 Apr

**ASEAN manufacturing sector rebounded in March**

The Association of Southeast Asian Nations (ASEAN) manufacturing sector returned to growth in March, following declines in February, as output and orders increased during March.

According to latest data on the IHS Markit Purchasing Managers’ Index (PMI) released, the headline PMI increased to 50.8 in March, from 49.7 in February, signalling a slight improvement in the health of the manufacturing sector.

- theedgemarkets.com, 5 Apr

**U.S. auto industry calls for government help as it warns of impact of chip shortage**

A U.S. auto industry group urged the government to help as it warned the global semiconductor shortage could result in 1.28 million fewer vehicles built this year and disrupt production for another six months. The U.S. Commerce Department should dedicate a portion of funding in a proposed bill to expand U.S. semiconductor production to auto sector needs, the Alliance for Auto Innovation said in written responses to a government-initiated review.

- reuters.com, 6 Apr

**IMF sees stronger global growth as some COVID-19 clouds begin to clear**

The International Monetary Fund (IMF) said unprecedented public spending to fight the COVID-19 pandemic, primarily by the United States, would push global growth to 6% this year, a rate unseen since the 1970s. The IMF raised its 2021 growth forecast from 5.5% less than three months ago, reflecting a rapidly brightening outlook for the U.S. economy, which the IMF now sees growing by 6.4% in 2021 the fastest since the early 1980s. The U.S. forecast was raised by 1.3 percentage points from the IMF’s 5.1% 2021 projection in late January and nearly double the rate it estimated last October.

- reuters.com, 6 Apr

**U.S. job openings jump to two-year high in boost to labor market**

U.S. job openings rose to a two-year high in February while hiring picked up as strengthening domestic demand amid increased COVID-19 vaccinations and additional pandemic aid from the government boost companies’ needs for more workers. Job openings, a measure of labor demand, increased 268,000 to 7.4 million as of the last day of February. That was the highest level since January 2019 and pushed job
openings 5.1% above their pre-pandemic level. The second straight monthly rise in vacancies lifted the jobs openings rate to a record 4.9% from 4.7% in January.

- reuters.com, 6 Apr

**Construction of rubber glove hub to start in June**

The construction of the rubber gloves and personal protective equipment (PPE) hub by the World Gloves International Group City and Hub Development Sdn Bhd (WGC) is set to begin this June. To be located in the Gebeng industrial area, the hub will be constructed on a piece of land spanning 128.2 hectares, involving an investment of RM100 million, said Pahang State Development Corporation (PKNP) chief executive officer (CEO) Mohd Faizal Jaafar. "The construction of the first phase is scheduled for completion in December this year.

- thestar.com.my, 6 Apr

**Fed expects to keep supporting economy 'for some time,' minutes show**

Federal Reserve officials remain wary about the ongoing risks of the COVID-19 pandemic and are committed to bolstering the economy until its recovery is more secure, minutes of the U.S. central bank's latest policy meeting showed. With their own forecasts projecting the strongest run of U.S. economic growth in nearly 40 years, "participants agreed that the economy remained far from the (Fed's) longer-run goals and that the path ahead remained highly uncertain," the minutes from the 16th-17th March meeting said.

- reuters.com, 7 Apr

**Biden plan calls for USD100 billion in new EV consumer rebates: email**

The Biden administration’s USD174 billion proposal to boost electric vehicles calls for USD100 billion in new consumer rebates and USD15 billion to build 500,000 new electric vehicle charging stations, according to a Transportation Department email sent to congressional staff and seen by Reuters. The new EV rebates, part of a USD2.3 trillion infrastructure and jobs proposal, would be a potential big boost to U.S. automakers, especially General Motors and Tesla Inc, which no longer qualify for USD7,500 rebates after they sold more than 200,000 zero-emission models.

- reuters.com, 7 Apr

**Analysis: White House, U.S. companies could agree on 25% tax rate, officials, business groups say**

President Joe Biden has championed raising the U.S. corporate tax rate to 28% from 21% as the main way to fund his USD2 trillion infrastructure plan, but few people in Washington, including inside the White House, really think the rate will land there. Biden made it clear that he is open to compromise, after a reporter asked if he would be willing to agree on a tax rate below 28%. “I’m willing to listen to that, I’m wide open to it,” Biden said.

- reuters.com, 7 Apr

**Thailand’s PTT to compete in rubber gloves as demand surges**

Thailand’s oil and gas conglomerate PTT is jumping into the rubber glove business, aiming to capture a share of the increased global demand for medical supplies since the COVID-19 pandemic began. PTT has approved an initial investment budget of around THB600 million, or USD19.1 million, to invest through a subsidiary called Innobic, which was recently set up with the aim of becoming the conglomerate’s flagship for its life and science, pharmaceutical and medical businesses.

- asia.nikkei.com, 7 Apr

**Ivory Coast rubber output expected to rise 16% in 2021**

Ivory Coast’s natural rubber (NR) output is expected to reach 1.1 million tonnes in 2021, up almost 16% from about 950,000 tonnes the previous year, a senior industry figure said. The world’s top cocoa producer, Ivory Coast is also Africa’s leading grower of natural rubber and the fourth largest in the world. Production has risen in
recent years as farmers attracted by the promise of more stable income have increasingly switched to rubber from cocoa.

- reuters.com, 8 Apr

**HeveaConnect and SNV partner to develop agronomy training modules for natural rubber smallholders in Indonesia**

HeveaConnect (HC) has partnered with the SNV Netherlands Development Organization to develop HeveaGROW digital agronomy training modules for rubber smallholders in Indonesia.

The objective of this initiative is to make agronomy training accessible to more rubber smallholders and help them improve the quantity and quality of their rubber yield. The digital modules will take the form of training videos and be deployed in the field.

- en.prnasia.com, 8 Apr

**IMF steering committee: Global economy recovering from pandemic, higher rates would hurt**

International Monetary Fund’s (IMF) steering committee said the global economy is recovering faster than expected from the COVID-19 crisis, but warned that a spike in interest rates could be especially painful for emerging economies.

In its communique, the International Monetary and Financial Committee (IMFC) stressed the importance of accelerating distribution of COVID-19 vaccines around the world, and pledged to strengthen international cooperation.

- malaymail.com, 9 Apr

**China March PPI rises to highest since 2018, CPI returns to inflation**

China’s factory gate prices rose at their fastest annual pace since July 2018 in March, official data showed, as growth in the world’s second-largest economy continued to gather momentum. China’s producer price index (PPI) rose 4.4% in annual terms, the National Bureau of Statistics (NBS) said in a statement. This compared with a median forecast for a 3.5% rise in a Reuters poll of analysts and a 1.7% rise in February.

- reuters.com, 9 Apr

**China unveils new financial policies to further open up Hainan province**

China’s financial regulators announced a set of new policies, including increased yuan convertibility and market access for foreign investors, for Hainan, a southern island province being made a testing ground for economic reforms. The measures added to a batch of supportive policies China announced to expand the pharmaceutical, new energy vehicles, gaming and aerospace sectors in the province.

- reuters.com, 9 Apr

**China’s auto sales surge 75% in March, 12th straight monthly gain**

Auto sales in China surged in March for their 12th consecutive month of gains, as the world’s biggest car market leads the sector’s recovery from the COVID-19 pandemic. Sales reached 2.53 million vehicles in March, up 74.9% year-on-year (y-o-y), data from the China Association of Automobile Manufacturers (CAAM) showed. Sales of new energy vehicles (NEVs), including battery-powered electric vehicles, plug-in petrol-electric hybrids and hydrogen fuel-cell vehicles, increased 239% in March to 226,000 units.

- reuters.com, 9 Apr

**ANRPC Releases Natural Rubber Trends, March 2021**

Global outlook of natural rubber (NR) supply is estimated to recover at 1.3%, year-on-year (y-o-y), to 910,000 tonnes in March 2021, while the global consumption projected 1.234 million tonnes, up 7.4% during the same reference period. The favourable market fundamental in NR sector have supported the price growth in futures and physical markets of NR, except Shanghai Futures Exchange (SHFE). Despite the physical NR markets posted a downward trend in price for the month of March 2021, the average prices of rubber have gained further from February 2021 with positive growth ranges 21.4%
China March exports rise 30.6% year-on-year, lag forecast, imports jump better-than-expected 38.1%

China's exports in March rose 30.6% from a year earlier, lagging expectations but still showing robust growth, while imports jumped a faster-than-expected 38.1%, customs data showed. Analysts in a Reuters poll had forecast year-on-year (y-o-y) exports growth of 35.5% after shipments surged 154.9% in February. Imports were estimated to have increased 23.3% y-o-y, picking up from growth of 17.3% in February. China posted a trade surplus of USD13.8 billion in March, compared with the poll's forecast for a USD12.05 billion surplus and USD37.88 billion surplus in February.

IMF says Asia's growth may rebound to 7.6% this year

Jonathan Ostry, deputy director for Asia and Pacific at the International Monetary Fund, discusses the outlook for the region's economies and policies amid the COVID-19 pandemic. The IMF upgraded its global economic growth forecast for the second time in three months, while warning about widening inequality and a divergence between advanced and lesser-developed economies. It expects growth in Asia to rebound to 7.6 percent this year and 5.4 percent next year.

Production of natural rubber increased 9.0 per cent in February 2021

Production of natural rubber (NR) increased 9.0% in February 2021 to 49,840 tonnes as compared to 45,735 tonnes in the previous month. On the contrary, year-on-year (y-o-y) comparison showed a decrease of 0.1%. Exports of Malaysia's NR amounted 54,632 tonnes in February 2021, an increase of 13.5% as against 48,125 tonnes in January 2021. The stocks of NR increased in February 2021 to 286,117 tonnes as compared to 280,841 tonnes in January 2021 with an increase of 1.9%. Total domestic consumption for NR was 44,697 tonnes, a decrease of 5.1% as compared to the previous month. The use of NR in rubber glove manufacturing industry continues to lead with the use of 34,764 tonnes or 77.8% of the total domestic consumption in February 2021.

IMF: US-China cooperation on sustainable finance 'positive step'

It is a "positive step" for the world that the United States and China are cooperating on sustainable finance under the Group of 20 (G20), International Monetary Fund (IMF) Managing Director Kristalina Georgieva has said. "Certainly having the two largest economies cooperating on sustainable finance is a very positive step in a world that is undergoing transformation, primarily because of the pressures that are coming from climate risks, and also to make sure that social and environmental issues are well integrated in investment strategies," Georgieva said in an exclusive interview with Xinhua.

China industrial output rises 14.1% y/y in March, retail sales jump 34.2%

China's industrial output grew 14.1% in March year-on-year (y-o-y), slowing from a 35.1% surge in the January-February period, while retail sales rose at a solid pace, official data showed. The output figure lagged a 17.2% on-year rise forecast by analysts in a Reuters poll. Retail sales increased 34.2% y-o-y in March, beating a 28.0% gain expected by analysts and stronger than the 33.8% jump seen in the first two months of the year.
China’s Q1 GDP grows at record 18.3% y/y as recovery speeds up

China’s economy grew at a record pace in the first quarter, official data showed, expanding 18.3% from a year earlier as the recovery from the coronavirus slump accelerated. The growth in gross domestic product (GDP) was slower than the 19% forecast by economists in a Reuters poll, and followed 6.5% growth in the fourth quarter last year. It was the strongest growth since at least 1992 when official quarterly records started.

- reuters.com, 16 Apr

Global commodity price spike to have limited impact on China’s prices – NDRC

The gains in global commodity prices are not sustainable over the long term and their impact on China’s domestic prices will be limited and controllable, the country’s top economic planning agency said. Price trends in China will be influenced by external factors as commodity prices rise, but the domestic market and government policy would provide support to the stabilisation in prices, Meng Wei, spokeswoman at the National Development and Reform Commission (NDRC), told reporters at a regular briefing.

- reuters.com, 19 Apr

Kedah Rubber City attracted over RM2.2b investments amid Covid-19 pandemic, says MB

Kedah Rubber City (KRC) has attracted over RM2.2 billion committed investments in advanced latex product development, production of feedstock, manufacturing, storage warehousing and logistics despite the ongoing COVID-19 pandemic. In a statement, Kedah Menteri Besar Muhammad Sanusi Md Nor said KRC is an attractive destination for businesses in the medical devices sector, particularly for medical glove manufacturers to expand their operations.

- theedgemarkets.com, 19 Apr

Biden’s infrastructure proposal could boost transition to EVs, AVs

The Biden administration has rolled out a USD2 trillion infrastructure proposal that could have major implications for electric and autonomous vehicles. It’s an ambitious plan that has garnered some praise from rubber industry associations, including the U.S. Tire Manufacturers Association. "Rebuilding roads and bridges would help with reducing wear and tear on vehicles, reducing potential damage to newer and increasingly expensive technological components on a vehicle," said Kevin Riddell, LMC Automotive senior manager of powertrain forecasting. "This would result in reduced consumer operation costs for a more positive ownership experience."

- rubbernews.com, 20 Apr

European Union new car registration up 87% in March

New European Union (EU) passenger car registrations rose 87.3% year-on-year (y-o-y) in the month of March, due mainly to the exceptionally low base of comparison caused by the strict COVID-19 lockdowns last year. About 1.06 million new cars were sold in the EU last month, compared to 567,253 during the same month in 2020, according to the latest figures by the European Automobile Manufacturers’ Association (ACEA). Triple-digit gains were posted by three of the four largest EU markets, with Italy seeing the biggest increase at 497.2%, ACEA said 16th April.

- rubbernews.com, 20 Apr 2021

ETRMA reports ‘encouraging’ signs in European tyre markets

The truck segment led the growth with an 18% year-on-year (y-o-y) increase, followed by the moto and scooter segment, which posted a 17% increase compared to a year ago, the European Tyre & Rubber Manufacturers’ Association (ERTMA) said 19th April.

The market for replacement consumer tyres posted 12% growth, led by all-season car tyres with a 39% increase in sales. Winter tyre sales
were up 17% year-on-year (y-oy), while summer tyres posted a 6% increase.

- rubbernews.com, 20 Apr

**US economy on a solid footing, COVID-19 still top threat: Poll**

The US economy will grow at its fastest annual pace in decades this year and outperform most of its major peers, with the outlook upgraded sharply, but another COVID-19 surge was the biggest risk over the next three months, a Reuters poll showed. The world’s largest economy was predicted to grow on average 6.2% this year, the brightest outlook since polling began for the period more than two years ago and if achieved would mark the fastest annual expansion since 1984. About 15% of 105 economists predicted the economy would grow 7% or more this year, with the range of forecasts showing higher highs and higher lows compared with last month.

- straitstimes.com, 22 Apr

**US: Markit Manufacturing PMI rises to 60.6 in April, new series high**

The economic activity in the US private sector continued to expand at an impressive pace in April with the IHS Markit’s flash Composite PMI reaching a series high of 62.2. The Manufacturing PMI and the Services PMI also jumped to new all-time highs of 60.6 and 63.1, respectively. Both of these readings came in stronger than analysts’ estimates as well.

- fxstreet.com, 23 Apr

**China tightens credit conditions in bid to balance growth and debt**

Credit growth in China is slowing gradually as policymakers seek to navigate the world’s most prominent recovery from the pandemic without fuelling unsustainable indebtedness. China last week kept its benchmark lending rate unchanged for the 12th month in a row, but other indicators show that Beijing, which exercises greater control over its state-dominated banking system than most major economies, is using other policies in a bid to dampen down the risk of overheating in its unbalanced, industry-heavy recovery.

- ft.com, 24 Apr

**The future of global trade**

Global trade is ready for a strong but uneven recovery after the shock of the pandemic, according to the World Trade Organization (WTO). In its trade statistics and trade forecast 2021, the WTO estimates world trade in merchandise, or goods, will grow 8% in volume in 2021, after falling 5.3% in 2020. “Ramping up production of vaccines will allow businesses and schools to reopen more quickly and help economies get back on their feet,” said WTO Director-General Ngozi Okonjo Iweala.

- weforum.org, 27 Apr

**RM69.9 million in Monsoon Aid to help rubber smallholders, tappers**

The government has allocated RM69.9 million as Monsoon Aid (BMT) this year as a continuous effort to ensure the wellbeing of rubber smallholders and tappers in the country. Prime Minister Tan Sri Muhyiddin Yassin said the aid would benefit 232,319 rubber smallholders and tappers as they would each receive RM600 which to be paid in two instalments, namely in December 2021 and January 2022.

- thesundaily.my, 27 Apr

**PM: Almost RM190mil in dividends for palm oil, rubber smallholders**

A total of RM189.08 million in dividends will be paid out to some 90,000 oil palm and rubber smallholders nationwide despite the challenges of the COVID-19 pandemic, says Tan Sri Muhyiddin Yassin. The Prime Minister said the dividends, representing the third final annual instalment payment, would be distributed beginning 27th April.

- thestar.com.my, 27 Apr
**Asia can lead global growth this century**

At the 20th edition of the Boao Forum for Asia, President Xi Jinping’s keynote speech emphasised the important role the Asia region and the connectivity provided by the Belt and Road Initiative (BRI) can play in boosting global economic growth. Asian countries have progressively increased their economic integration through the 10 member of the Association of Southeast Asian Nations (ASEAN) group, Asean + 3 and culminating in last November’s Regional Comprehensive Economic Partnership (RCEP). Asia is the world’s largest regional economy, accounting for over 42% of global GDP by purchasing power parity and close to 60% of the world’s population.

- thestar.com.my, 28 Apr

**Japan approves world’s biggest free-trade deal after China’s call to boost Asian economy**

Japan’s parliament approved joining the world’s largest free-trade deal, the Regional Comprehensive Economic Partnership (RCEP), as signatories aim for it to come into effect from the start of next year. The approval by Japan’s upper house comes after the lower house gave the green light earlier this month and a day after China called for the deal to be ratified to shore up the economy in the Asia-Pacific. By eliminating tariffs on 91 per cent of goods, the RCEP will create a free-trade zone covering nearly one-third of the world’s economy, trade and population.

- scmp.com, 28 Apr

**China’s factory activity growth slows on supply bottlenecks, soft demand**

China’s factory activity expanded at a slower pace and missed forecasts in April as supply bottlenecks and rising costs weighed on production and overseas demand lost momentum. The official manufacturing Purchasing Manager’s Index (PMI) fell to 51.1 in April from 51.9 in March, data from the national Bureau of Statistics (NBS) showed.

It remained above the 50-point mark that separates growth from contraction on a monthly basis but was below the 51.7 expected in a Reuters poll of analysts.

- reuters.com, 30 Apr

**Japan’s March factory output rebounds as car production jumps**

Japan’s industrial output posted a surprise increase in March, as a jump in car production helped keep an economic recovery from last year’s deep coronavirus slump on track. Government data released showed factory output grew 2.2% from the previous month in March, lifted by a sharp jump in car production and higher output of organic and inorganic chemicals. The output rise, a reversal from the previous month’s 1.3% decline, was much better than a 2.0% decline forecast in a Reuters poll of economists.

- reuters.com, 30 Apr
Malaysia’s NR Exports by Countries, February 2021

- China: 40.1%
- Others: 37.1%

January 2021

- Others: 24.7%
- Korea, Rep. of: 18.1%
- Egypt: 8.5%
- Taiwan: 5.1%
- USA: 2.2%
- Germany: 5.9%
- Finland: 4.3%

Total: 48,125 tonnes

Note: "p" = provisional

Source: Department of Statistics Malaysia (DOSM)

Malaysia’s NR Imports by Countries, February 2021

- Thailand: 40.6%
- Others: 37.1%

January 2021

- Others: 46.6%
- Indonesia: 34.1%
- Thailand: 1.0%
- Vietnam: 0.8%
- Cambodia: 0.1%

Total: 132,152 tonnes

Total: 109,759 tonnes

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

- SMR: 96.5%
- RSS: 3.5%
- Others: 0.0%

Total: 48,125 tonnes

Malaysia’s NR Consumption by Sectors, February 2021

- Gloves: 77.8%
- Rubber Compound: 6.7%
- Tyres & Tubes: 8.0%
- Rubber thread: 8.0%
- Other products: 7.3%

Total: 47,115 tonnes

Note: ^p = provisional

Source: Department of Statistics Malaysia (DOSM)