



MALAYSIAN RUBBER BOARD

D I G E S T

A monthly publication of the Malaysian Rubber Board

**2020
MAY**

Natural Rubber Market Review

May

In May, the Kuala Lumpur rubber market generally fluctuated upwards for a major part of the month despite witnessed a mild correction. The market improved slightly as countries around the world gradually loosened their COVID-19 lockdown restrictions, raising hopes from market operators for a demand recovery and the economic impact of the pandemic would be short-lived. Compared with those on 30 April 2020, the price of SMR 20 rose marginally by 13.0 sen/kg or 2.8% to close at 474.50 sen/kg. Meanwhile, latex concentrate closed at 450.00 sen/kg, increased by 39.5 sen/kg or 9.6%. Price movements of selected grades of rubber in May are shown in Table 1.

The market recovered marginally throughout the month, responding to the declining Malaysian natural rubber (NR) production in March 2020 as reported by the Department of Statistics Malaysia (DOSM) on 8 May 2020. Malaysia's NR production decreased 23.3% in March 2020 to 35,961 tonnes as compared to the previous month (46,881 tonnes). The implementation of

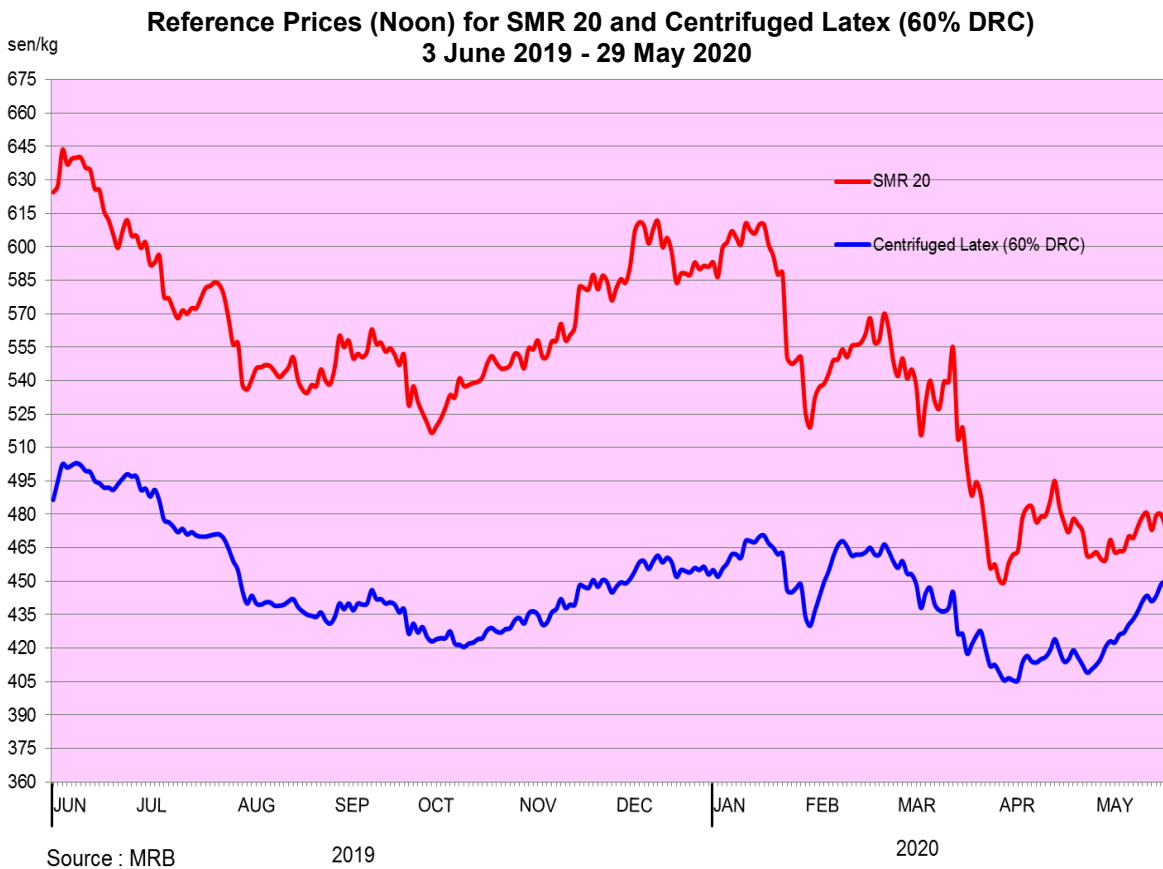
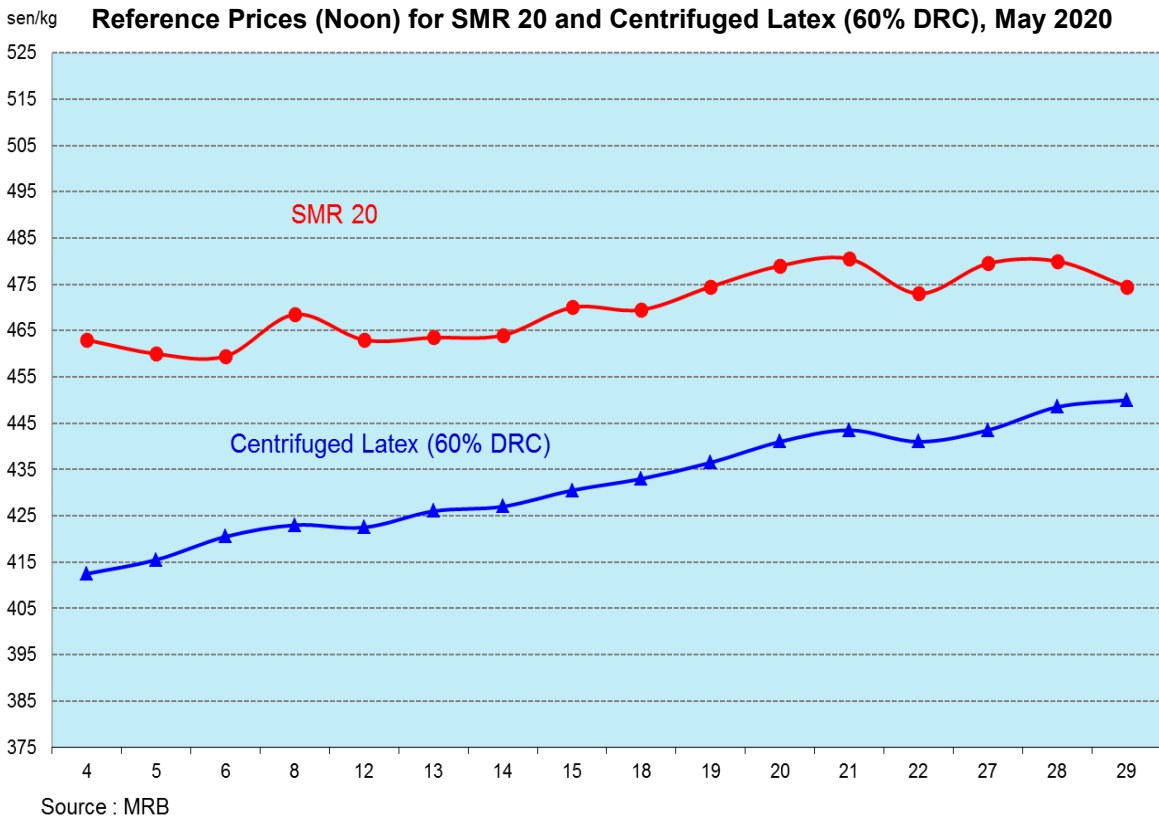
Movement Control Order (MCO) coupled with the prevailing wintering period affects the production of NR. The market was also lifted by the uptrend in the regional rubber futures markets amid hopes for a demand recovery as the world's economies slowly start reopening from COVID-19 related shutdowns. The market reacted positively to the increase in China's vehicles sales and industrial output coupled with recovery in crude oil prices. China Association of Automobile Manufacturers (CAAM) reported that auto sales in China increased 4.4% in April compared to the same month a year ago, marking the first month that sales have grown since July 2018. In addition, the recovery of crude oil prices and signs of improving demand resulting from optimism around ongoing oil production cuts, a drawdown in U.S. crude inventories as well as an unexpected commitment from Saudi Arabia to deepen production cuts in June by a further 1 million barrels per day (bpd). Market players also took cue from China's industrial output that rose 3.9% in April from a year earlier, expanding for the first time this year as the world's second-largest economy slowly emerged from its COVID-19 lockdown.

However, the gains throughout the month were limited as the market reacted negatively to the

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

	SMR CV		SMR 20		Centrifuged Latex (60% DRC)	
	sen/kg	RM/tonne	sen/kg	RM/tonne	sen/kg	RM/tonne
Highest	770.00	7,700.00	480.50	4,805.00	450.00	4,500.00
Lowest	707.50	7,075.00	459.50	4,595.00	412.50	4,125.00
Average	740.22	7,402.20	470.13	4,701.30	432.16	4,321.60
Change from the last day of the previous month	66.00	660.00	13.00	130.00	39.50	395.00

Note: * Reference price of Centrifuged Latex, 60% DRC
Source: Malaysian Rubber Board



NR statistics released by the Association of Natural Rubber Producing Countries (ANRPC) on 8 May 2020. Based on the preliminary estimate by the ANRPC, the world consumption of NR fell 20.0%, year-over-year, during the first quarter of 2020 and is anticipated to fall 15.5%, year-over-year, during the first half of 2020. Meanwhile, the world production of NR fell 3.6%, year-over-year, during the first quarter of 2020. In view of a more severe impact observed during April, the first half of the year is anticipated to witness an annualised 6.4% fall. Market players also took cue from declining China imports coupled with China's plans to impose national security law on Hong Kong that further escalate tensions between the U.S. and China. According to data from the General Administration of Customs, China's imports in April fell 14.2% from a year ago, however exports rose 3.5% in the same period. Furthermore, the market was dragged down by a stronger ringgit. The ringgit strengthened slightly in May to RM4.3055 – 4.3620, as compared with April at RM4.3080 – 4.3950.

Outlook

Prices are expected to improve mildly in the near term amid hopes for a demand recovery as most countries are gradually easing restrictions and allow some businesses to reopen from COVID-19 related shutdowns. Oil prices are likely to show further upside momentum as the easing in mobility restrictions grows, thus would provide some support to the rubber prices. However, the market remained uncertain due to a general lack of firm direction from supply-demand fundamentals amid gloomy economic outlook in 2020 as forecasted by the International Monetary Fund (IMF). According to the ANRPC, the outlook on world NR production in 2020 is revised down to 13.433 million tonnes, down 2.3% from the previous year. The outlook on world NR consumption in 2020 is revised down to 13.016 million tonnes which is down 5.1% from the previous year.

News Briefs

April auto sales in Japan slump to 9-year low

Japan's monthly auto sales dropped to a nine-year low in April, industry data showed, after a state of emergency called by the government to contain the national outbreak of the new COVID-19 left showrooms deserted. In the latest indicator of the widening impact of the virus on the world's third-largest economy, vehicles sales fell 29% in April from the same period a year ago to 270,393, according to data from the Japan Automobile Dealers Association (JADA) and an association for dealers of Japan's "kei" minicars.

- *japantoday.com*, 2 May

Rubber production incentive activated for April 2020

The Rubber Production Incentive (IPG) for April 2020 has been activated for Peninsular Malaysia, Sabah and Sarawak, and smallholders may apply for the IPG payments from 1st May. The Malaysian Rubber Board (LGM) said the IPG was activated after the average farmgate rubber price for April 2020 for cuplumps stood at RM1.65 per kg in the Peninsular, RM1.35 per kg in Sabah and RM1.50 per kg in Sarawak. LGM said the IPG comes with a payment of RM0.85 per kg for the Peninsular, RM1.15 per kg for Sabah, and RM1.00 per kg for Sarawak.

- *factiva.com*, 2 May

Goldman Sachs predicts USD51 Oil in 2021

Goldman Sachs raised its estimate for WTI Crude prices in 2021 to USD51.38 per barrel from USD48.50, expecting a gradual recovery in global oil demand and production cuts from Organization of the Petroleum Exporting Countries (OPEC) and its allies, OPEC+ and shut-ins elsewhere to support oil prices next year. "Oil production has started to decline quickly from a combination of scaleback in activity, shut-ins and core-OPEC/Russia production cuts," Goldman Sachs Equity Research said in a note carried by Reuters.

- *oilprice.com*, 4 May

US Treasury seeks to borrow a record USD3 trillion this quarter

Massive stimulus to support the U.S. economy through the COVID-19 crisis will cause the Treasury to borrow a record USD3 trillion this quarter. The department announced the total, which is actually USD2.999 trillion.

- [cnbc.com](https://www.cnn.com/2020/05/04/economy/treasury-borrowing/index.html), 4 May

Corporate debt in China, Singapore and South Korea is rising fast as COVID-19 hits revenue

Among Asian economies, corporate debt is building up the fastest and the most in China, South Korea and Singapore, according to a report by Australian bank ANZ last week. Companies in those countries had already been rapidly chalking up debt in the past few years, said the report by ANZ Research. But the COVID-19 situation has hurt revenues and in turn, affected their ability to service their debts.

- [cnbc.com](https://www.cnn.com/2020/05/04/economy/corporate-debt/index.html), 4 May

Source raw material from domestic market: Rubber Board to tyre industry

The Indian Rubber Board has exhorted the tyre industry to source natural rubber from the domestic market and restrict imports to the bare minimum. Highlighting the difficulties faced by rubber farmers due to sustained low prices, the Board said that any additional imports beyond what is required to meet export-import obligations could lead to a sharp fall in domestic rubber prices and drive them into penury. The Board's move comes at a time when the tyre industry is suggesting duty-free import of natural rubber to bridge the gap between domestic production and consumption.

- [theedgemarkets.com](https://www.theedgemarkets.com/article/rubber-board-to-tyre-industry), 5 May

Isoprene rubber latex market valuation to exceed USD320 million by 2026, says Global Market Insights, Inc.

According to Global Market Insights, Inc., the isoprene rubber latex market was valued at USD210 million in 2019 and is projected to

surpass USD320 million by 2026, registering a Compound Annual Growth Rate (CAGR) of 4.7% from 2020 to 2026. The manufacturing of condoms and medical gloves are the key applications of isoprene rubber latex.

- [menafn.com](https://www.menafn.com/1000000000), 5 May

ANRPC releases Natural Rubber Trends & Statistics, April 2020

Based on preliminary estimate by the ANRPC, the world consumption of NR fell 20.0%, year-over-year, during the first quarter of 2020 and is anticipated to fall 15.5%, year-over-year, during the first half of 2020. Meanwhile, the world production of NR fell 3.6%, year-over-year, during the first quarter of 2020. In view of a more severe impact observed during April, the first half of the year is anticipated to witness an annualised 6.4% fall. According to the ANRPC, the outlook on world production in 2020 is revised down to 13.433 million tonnes, down 2.3% from the previous year. The outlook on world consumption in 2020 is revised down to 13.016 million tonnes which is down 5.1% from the previous year.

- [anrpc.org](https://www.anrpc.org/), 6 May

Ministry allocates USD8.2b to purchase rubber, resin from farmers

According to the Public Works and Housing Ministry (PUPR), Indonesia has allocated Rp 125 billion (USD8.2 million) to purchase 10,000 tons of rubber and 800 tonnes of resin directly from farmers' plantations as the COVID-19 pandemic drives down demand for the commodities and prices fall. PUPR has set aside Rp 100 billion to purchase the rubber, which will be used for asphalt mix for national road construction projects.

- [thejakartapost.com](https://www.thejakartapost.com/2020/05/06/pupr-allocates-rp-125-billion-to-buy-rubber-resin/), 6 May

Southeast Asian auto sales sink 40% for largest drop in a decade

New-vehicle sales in Southeast Asia plummeted 40% on the year in March, the biggest monthly drop-off in the past decade, data compiled by Nikkei finds. Automakers sold only 196,802

vehicles in six of the region's leading markets that month as the COVID-19 pandemic undercut both demand and consumer outings.

- *asia.nikkei.com*, 7 May

China exports unexpectedly rise even as pandemic hits demand

China's exports unexpectedly rose in April, aided by stronger shipments to South-east Asia, even as the COVID-19 pandemic damaged global demand. Imports fell. Exports rose 3.5% in dollar terms in April from a year earlier, while imports dropped 14.2%, the Customs Administration said. That left a trade surplus of USD45.3billion for the month. Economists had forecast that exports would shrink by 11% while imports would contract by 10%. Export data in yuan terms indicated that a rise in shipments to South-east Asia drove the better-than-expected performance.

- *thestar.com.my*, 8 May

Monthly Rubber Statistics Malaysia - March 2020

Department of Statistics Malaysia (DOSM) in its latest monthly rubber statistics released on 8 May 2020 reported that the implementation of Movement Control Order (MCO) affects the production of natural rubber (NR) as well as the prevailing wintering period. Malaysia's NR production decreased 23.3% in March 2020 to 35,961 tonnes as compared to the previous month (46,881 tonnes). Exports of Malaysia's NR amounted 45,198 tonnes in March, decreased by 12.8% against 51,852 tonnes in February 2020. Total domestic consumption for NR was **42,244** tonnes, an increase of **1.8%** as compared from the previous month. Rubber gloves industry dominates the use of NR with **34,086** tonnes (**80.7%**) from the total domestic consumption.

- *dosm.gov.my*, 8 May

IMF warns of further drop in global growth due to COVID-19

The head of the International Monetary Fund (IMF) has signalled a possible downward revision

of global economic forecasts, and warned the United States and China against rekindling a trade war that could weaken a recovery from the COVID-19 pandemic. Kristalina Georgieva, the IMF's managing director, told an online event hosted by the European University Institute that recent economic data for many countries was coming in below the fund's already pessimistic forecast for a 3% contraction in 2020.

- *theguardian.com*, 9 May

China auto sales mark first gain in almost 2 years as virus curbs ease

In April, China's auto sales reached 2.07 million units, up 4.4% from a year earlier, even as sales of new energy vehicles (NEVs) fell for a tenth month to 72,000 units, China Association of Automobile Manufacturers (CAAM) data shows. China's monthly auto sales rose for the first time in almost two years as the country eased virus-related curbs and reopened for business, but the annual number will likely be slashed by up to 25% if the pandemic continues, an industry body cautioned. Even if China contains the outbreak effectively, its auto sales is expected to drop 15% this year, from over 25 million units in 2019 CAAM said,

- *asia.nikkei.com*, 11 May

IMF: Vietnam's growth to slow to 2.7% this year but to bounce back in 2021

Vietnam's economic growth is seen slowing down to 2.7% this year due to the COVID-19 pandemic, but may pick up to 7% next year, the International Monetary Fund (IMF) said. The Southeast Asian country's strict measures to contain the virus, the global recession and weak domestic demand are expected to slow its economic growth this year from an average of about 7% in 2018 and 2019, the IMF representative in Vietnam, Francois Painchaud, said. "Some sectors are expected to be severely impacted, especially the tourism, transportation, and accommodation industries," he told Reuters in an emailed statement.

- *thestar.com.my*, 11 May

Malaysia's 1Q GDP growth drops to 0.7%, lowest since 2009

Malaysia's economic growth slowed to 0.7% in the first quarter of this year (1Q 2020) the lowest level seen since 3Q 2009 when the economy then contracted by 1.1%, according to the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said Malaysia is expected to continue recording a slower economic growth in 2Q 2020 due to the COVID-19 pandemic, based on the near-term economic direction portrayed by the Leading Index (LI) for the reference month of February 2020.

- *theedgemarkets.com*, 12 May

China remains biggest importer of Vietnam's Rubber in Q1: Customs

China remained the biggest buyer of Vietnamese rubber in the first quarter (Q1) of this year after importing 142,837 tonnes of rubber at USD203.1 million from the latter, down 34.8% year-on-year in volume and 29.3% year-on-year in value, according to the latest data from the General Department of Vietnam Customs. The figure made up 62.7% of Vietnam's total rubber export volume and 61.3% of value, the department said.

- *factiva.com*, 13 May

Moody's Investors Service cuts global auto sales forecast as COVID-19 economic impact worsens

Moody's Investors Service has cut its global auto sales forecast to -20% in 2020, widening from its previous projection of a 14% drop as the COVID-19 economic impact worsens. "Amidst a sharp drop in economic activity in the wake of the COVID-19 outbreak, we expect Gross Domestic Product (GDP) for G20 (Group of 20) to contract 4.0% in 2020, worsening from our previous forecast of a modest 0.5% contraction, and swinging from a growth of 2.7% in 2019," it said.

- *malaymail.com*, 13 May

All eyes on Detroit as automakers ready slow, careful reopening of plants

The U.S. factories that make Fords, Chevys and Jeeps are coming back to life as workers install new safety equipment and wake up machines ahead of the high-stakes restart the Detroit automakers plan to launch on May 18. Ford Motor Co, General Motors Co and Fiat Chrysler Automobiles NV all plan to reopen North American factories on May 18. The reopening of the U.S. auto sector will be a closely watched test of whether workers across a range of industries can return to factories in large numbers without a resurgence of COVID-19 infections. How well the automakers do will be significant for the U.S. economy, as nearly 1 million workers are employed in the sector.

- *reuters.com*, 14 May

China's factory output posts first increase for 2020 but consumption still weak

China's industrial output rose 3.9% in April from a year earlier, data showed on 15 May, expanding for the first time this year as the world's second-largest economy slowly emerged from its COVID-19 lockdown. That was faster than the 1.5% increase forecast in a Reuters poll on analysts and followed a 1.1% fall in March. After months of lockdowns, China is slowly reopening its economy as the COVID-19 outbreak on the mainland has come under control.

- *reuters.com*, 15 May

Auto suppliers increasingly worried about recovery, survey finds

European suppliers are increasingly concerned about the impact of COVID-19 on their businesses, a new survey has found. The survey, conducted 20 -27 April by the European suppliers' trade group CLEPA in conjunction with McKinsey & Co., found that more than 90% expect revenues to fall in 2020. That's an increase of 30% from a similar survey conducted by CLEPA just one month earlier. The April survey also showed that more than half of respondents said they expected to have a loss before taxes in 2020.

- *rubbernews.com*, 15 May

Thailand's economy contracts for first time since 2014 on virus

Thailand's economy contracted in the first quarter for the first time since 2014 as the COVID-19 outbreak cut off tourist arrivals and shuttered commerce. Gross domestic product (GDP) shrank 1.8% from a year ago, the National Economic and Social Development Council said. That's the first contraction since early 2014, according to previously published data. The median estimate in a Bloomberg survey of economists was for GDP to shrink 3.9% last quarter.

- *theedgemarkets.com*, 18 May

IMF head warns global recovery unlikely by end of next year

The global economy will take far longer to recover fully from the shock caused by COVID-19 than initially expected, the head of the International Monetary Fund (IMF) said. Managing director Kristalina Georgieva said the Fund was likely to revise downwards its forecast for a 3% contraction in GDP in 2020, with only a partial recovery expected next year instead of the 5.8% rebound initially forecast.

- *thenational.ae*, 18 May

EIA predicts a record drop in U.S. shale oil production

Crude oil production in the seven major US shale basins will fall by a record 197,000 barrels per day next month, the Energy Information Administration (EIA) reported. Production in the seven most prolific shale basins in the United States is expected to fall to 7.822 million bpd, the EIA said, down from 8.019 million bpd this month. It will be a record monthly loss. The largest drop on the list for crude oil and condensate production is in the Permian, which is expected to fall by 87,000 bpd to 4.290 million bpd. The next largest basin, the Eagle Ford, is expected to fall by 36,000 bpd in June, to 1.174 million bpd.

- *oilprice.com*, 18 May

Vietnam to convert thousands of hectares of rubber land to industrial areas

There is a rising wave of converting rubber plantations into industrial land in Vietnam as developers' eye spots for industrial zones to capture opportunities from global value chains. The government experts said that converting plantations into industrial land could be the answer for rubber companies facing falling rubber prices. With large areas in Binh Duong, Dong Nai and Tay Ninh, rubber plantations had high potential for merger and acquisition (M&A) deals to turn them into industrial zones.

- *thestar.com.my*, 18 May

Emulsion Styrene Butadiene Rubber Market to reach USD 8,380.3 million globally by 2027

The emulsion styrene butadiene rubber market is expected to witness significant growth over the forecast period, owing to the growing construction industry. E-SBR is used in the production of adhesives & sealants, which are utilized in the construction industry. For instance, according to the Global Construction Perspectives and Oxford Economics, the global construction industry is expected to increase to USD 15.5 trillion by the end of 2030, led by three countries including China, U.S., and India. Moreover, according to the same source, the construction market in India will grow almost twice as China by 2030.

- *globenewswire.com*, 20 May

Government has disbursed RM282.3 million under rubber production incentive scheme, says ministry

From September 2015 to March 2020, the government has disbursed a total of RM282.3 million under the Rubber Production Incentive (IPG) scheme nationwide, encompassing two million claims. Minister of Plantation Industries and Commodities Datuk Dr Mohd Khairuddin Aman Razali said smallholders wishing to claim for the IPG must have a Rubber Transaction Authority Permit card (PAT-G).

- *malaymail.com*, 20 May

Rubber made from waste opens door to sustainable production

A recyclable rubber material made from waste has been developed by a team of researchers spearheaded in South Australia. The new material is also able to be easily repaired, offering a sustainable solution to rubber manufacturing, which has traditionally been resource intensive and resulted in huge amounts of landfill at end of life.

- *amanufacturing.com.au*, 21 May

U.K. approves new tariff rates, reducing tyre import duties

The United Kingdom government has approved reduced tyre tariffs that will provide a baseline for negotiations for free trade agreements with the European Union (EU), the U.S. and other countries. Under U.K. Global Tariff, introduced 19 May, tariff duties of 4% apply to all types of pneumatic tyres imported to the country, while antidumping or countervailing duties may apply to certain products. The figure replaces the EU external tariff, which stood at 4.5%.

- *rubbernews.com*, 21 May

Halcyon Agri, World Wildlife Fund (WWF) to set up rubber trust fund

Natural rubber (NR) supplier Halcyon Agri and World Wildlife Fund (WWF) have joined forces to establish a rubber trust fund intended to enhance the sustainability of natural rubber. Supported by a Conservation Finance Alliance Incubator grant, the two parties will develop a "first-of-its-kind financial mechanism model" that will drive sustainability in the NR supply chain. The project, it added, will seek to offer "transparent, trustworthy, and efficient financial solutions" to farmers and rubber supply chain actors, and is expected to engage "the entire sector" in addressing supply chain risks.

- *rubbernews.com*, 21 May

China sets 2020 budget deficit target of at least 3.6% of GDP

China has set a budget deficit target for this year of "at least" 3.6% of gross domestic product (GDP), Premier Li Keqiang said in his work report at the start of the annual parliamentary gathering on 22 May. The target compares with the 2.8% target set for 2019.

- *reuters.com*, 22 May

India may extend anti-dumping duty on carbon black used in rubber industry

India may extend anti-dumping duty on imports of carbon black, used in rubber and tyre industry, from China and Russia as the domestic industry has approached the commerce ministry to investigate the matter. Following the complaint, the Directorate General of Trade Remedies has initiated the probe to examine whether the expiry of existing anti-dumping duty on 'carbon black used in rubber applications' is likely to lead to continuation or recurrence of dumping of the product from these two countries and impact to the domestic industry.

- *newindiaexpress.com*, 22 May

Thai latex pillow manufacturers, rubber farmers offered interest-free, short-term loan

The Rubber Authority of Thailand (RAOT) is providing an interest-free loan for latex pillow manufacturers and rubber farmers, currently affected by the COVID-19 pandemic, said a senior executive official of the agency. Deputy RAOT Governor Nopparat Wichitchonlachai confirmed the rubber agency is currently offering a maximum of 1 million THB (about USD31,328) in loan for each manufacturer of latex pillows as well as each rubber farmer for use during the pandemic.

- *xinhuanet.com*, 26 May

China's industrial firms' profits fall in April but at slower pace

Profits at China's industrial firms fell at a slower pace in April, helped by improvements in automobiles and electronics, but the economy faces persistent pressure as activity and demand remains weak after the COVID-19 outbreak. Profits at China's industrial firms in April fell 4.3% year-on-year to 478.1 billion yuan (USD67 billion), after plunging 34.9% in March, the statistics bureau said.

- reuters.com, 27 May

Japan eyes fresh USD1.1 trillion stimulus to combat pandemic pain

Japan will compile a fresh stimulus package worth USD1.1 trillion that will include a sizable amount of direct spending to cushion the economic blow from the COVID-19 pandemic, a draft of the budget obtained by Reuters showed. The stimulus, which will be funded partly by a second extra budget, will be on top of a USD1.1 trillion package already rolled out last month, putting the total amount Japan spends to combat the virus fallout at 234 trillion yen - roughly 40% of Japan's gross domestic product. The government's 117 trillion yen (USD1.1 trillion) in fresh stimulus, to be compiled on 27 May, will include 33 trillion yen in direct spending, the draft showed.

- reuters.com, 27 May

World economic prospects darken, rebound delayed: Reuters poll

Economic prospects for the developed world this year have darkened again in the past month as the COVID-19 pandemic has rolled from Asia to the Americas, with a V-shaped sharp recovery expected by less than one-fifth of economists polled by Reuters. With many countries starting to ease lockdown restrictions imposed to stop the spread of the virus, which has infected over 5.5 million people globally, equity markets are rallying on hopes for a swift return to health and prosperity. But the trough in economic activity will be deeper and the rebound is likely to take longer than predicted, because the pandemic is spreading across the globe in stages and arriving

in countries at different times.

- reuters.com, 27 May

Ivory Coast Jan-April 2020 rubber exports up 67.2%

Ivory Coast exported 422,721 tonnes of natural rubber in the first four months of 2020, up 67.2% from the same period last year, provisional port data showed.

- refinitiv.com, 27 May

Rubber glove exports get pandemic boost

Global demand for protective gloves is soaring in light of the COVID-19 pandemic, driving Thailand's rubber glove exports to surge 16% y-o-y in the first four months of 2020. Auramon Supthaweethum, director-general of the Trade Negotiations Department under the Commerce Ministry, said the outbreak has resulted in rising rubber glove demand because the products are necessary protective equipment for medical professionals. In the first four months, rubber glove exports rose by 16% to USD449.2 million from the same period last year.

- bangkokpost.com, 28 May

Rubber production crosses 7 lakh tonnes

Amidst concerns over price fluctuations, natural rubber (NR) production in India recorded a growth of 9.4% to reach 7.12 lakh tonnes during last fiscal. According to a report presented by K.N. Raghavan, Executive Director, Rubber Board, at the 180th meeting of the board on 27 May, the production crossed seven lakh tonnes for the first time since 2014-2015.

- thehindu.com, 28 May

China pledges largest-ever economic rescue package to offset virus damage

China has pledged a package of 4 trillion yuan (USD559 billion) worth of cost cuts for the country's struggling factories and merchants in 2020, the largest economic rescue plan in its

history, in an enhanced effort to save jobs that were put at risk by the COVID-19 outbreak, Premier Li Keqiang confirmed on 28 May. The combined cuts in business costs, which include tax exemptions, lower bank interest rates, waived contributions to social welfare funds as well as reduced prices for utilities, will be carried out on top of 2 trillion yuan in additional fiscal spending and government bond issuances.

- *scmp.com*, 29 May

China central bank makes biggest weekly cash injection via OMO since mid-Jan

China's central bank will inject 300 billion yuan (USD41.99 billion) into money markets through seven-day reverse bond repurchase agreements, traders said. The move will bring the People's Bank of China's (PBOC) weekly cash injection through open market operations to 670 billion yuan on a net basis, the biggest weekly injection since mid-January, according to Reuters calculations based on official data.

- *reuters.com*, 29 May

U.S. economy shrank at 5% annual rate in the first quarter

The U.S. economy shrank at an even faster pace than initially estimated in the first three months of this year with economists continuing to expect a far worse outcome in the current April-June quarter. The Commerce Department reported that the gross domestic product, the broadest measure of economic health, fell at an annual rate of 5% in the first quarter, a bigger decline than the 4.8% drop first estimated a month ago.

- *cnbc.com*, 29 May

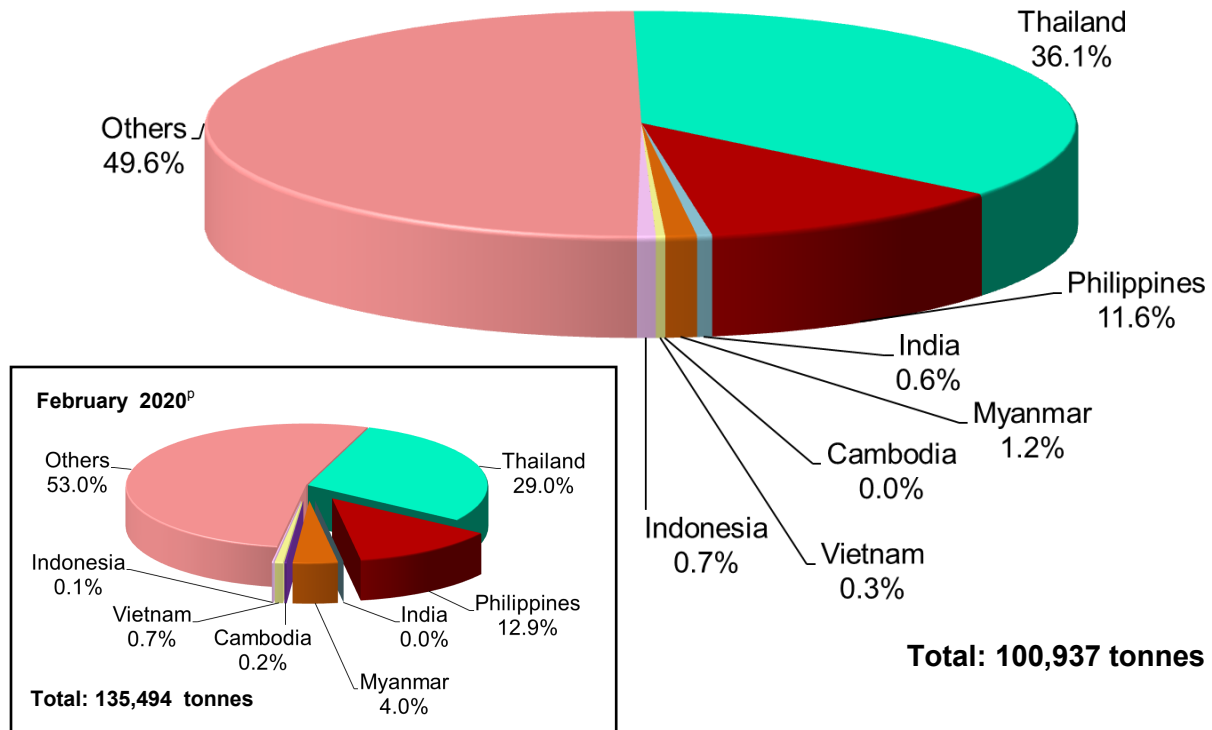
China May factory activity growth cools as weak demand curbs output - official PMI

China's factory activity grew at a slower pace in May but momentum in the services and construction sectors quickened, pointing to an uneven recovery in the world's second-largest economy as businesses emerge from COVID-19 shutdowns. The official manufacturing Purchasing Manager's Index (PMI) eased to 50.6 in May from

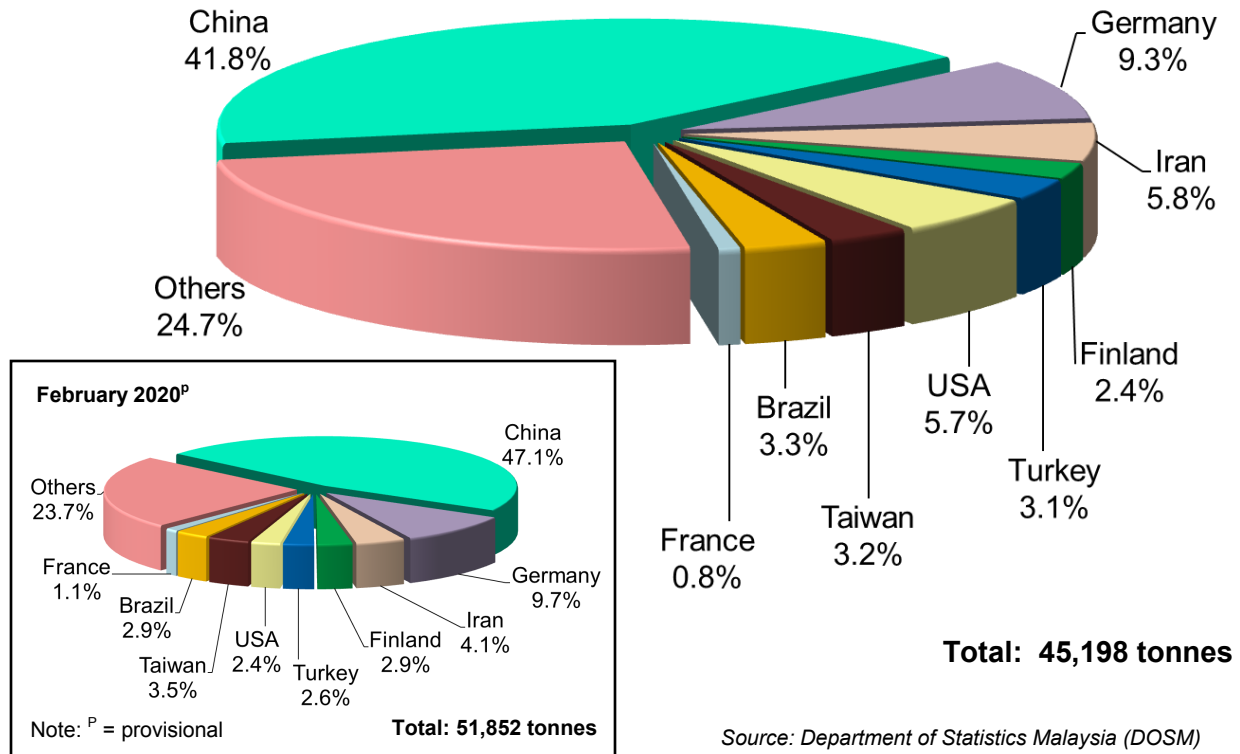
50.8 in April, National Bureau of Statistics data showed, but held above the 50-point mark that separates expansion from contraction on a monthly basis. Analysts had expected a PMI reading of 51.

- *reuters.com*, 31 May

Malaysia's NR Imports by Countries, March 2020^P

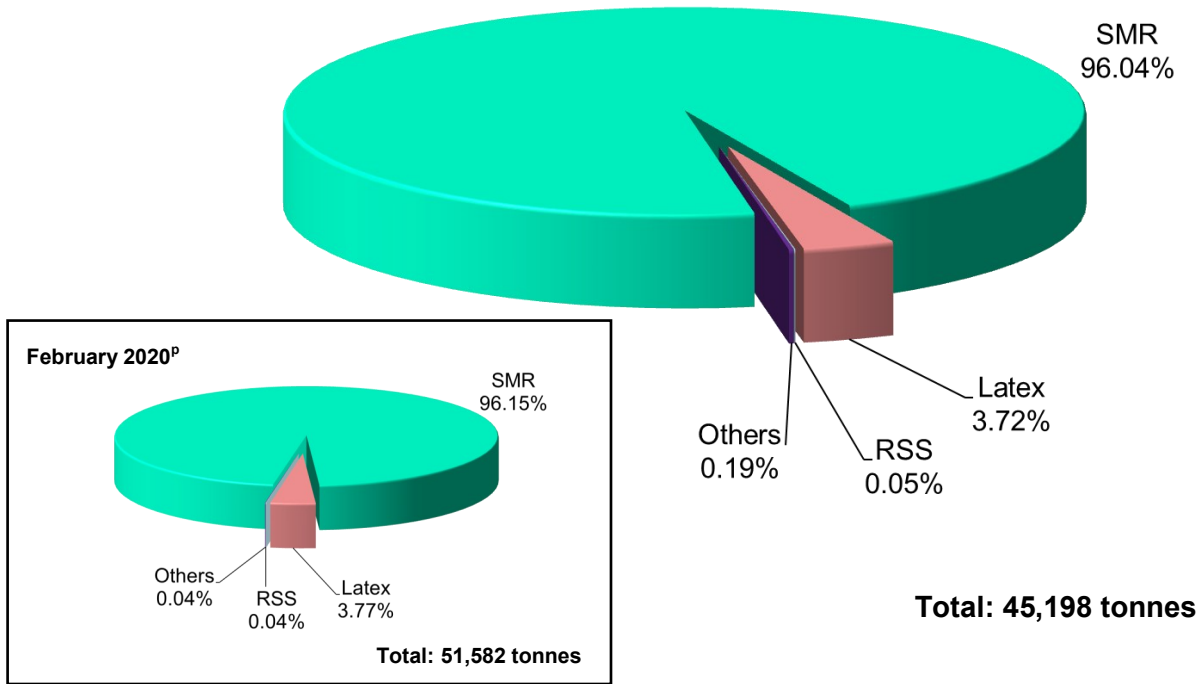


Malaysia's NR Exports by Countries, March 2020^P

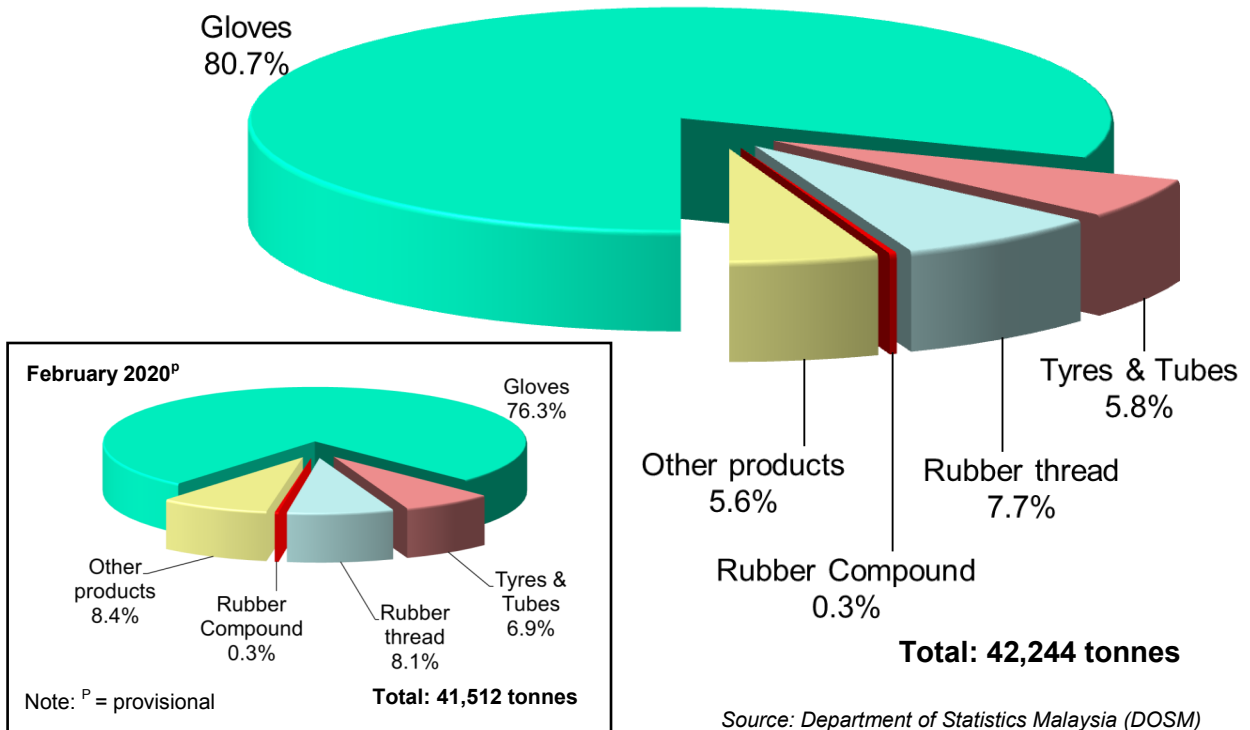


Source: Department of Statistics Malaysia (DOSM)

Malaysia's NR Exports by Types, March 2020^P



Malaysia's NR Consumption by Sectors, March 2020^P



Published by the Malaysian Rubber Board, 148 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.
Tel: 603-9206 2000 Fax: 603-2161 6586