Natural Rubber Market Review

May

The Kuala Lumpur rubber market generally traded mixed in May before declining towards month-end. The positive factor throughout the month included economic recovery in the U.S, improved China auto demand, optimism on the U.S.-China trade talks, brighter economic outlook, gains in crude oil prices coupled with tighter natural rubber (NR) supply. Nevertheless, the market was dragged down by the possibility of a slowdown in the Chinese economic recovery from COVID-19. Compared with those on 30 April 2021, the price of SMR 20 was up by 4.0 sen/kg or 0.6% to close at 685.50 sen/kg. Meanwhile, latex concentrate closed at 638.00 sen/kg, an increase of 21.5 sen/kg or 3.5 percent. Price movements of selected grades of rubber in May 2021 are shown in Table 1.

The main bullish sentiment that contributed to gains in May and capped further losses was a series of positive global economic data, especially in developments in China and the United States. The China Association of Automobile Manufacturers (CAAM) reported that China’s auto sales rose 8.6% year-on-year (y-o-y) to 2.25 million units in April while automobile sales in China rose by 75.6% y-o-y in the first quarter of 2021. China's General Administration of Customs reported that China's exports in dollar terms in April surged 32.3% y-o-y. According to the Commerce Department, the U.S. economy expanded at an annualized 6.4% in 2021 first quarter, unrevised from the prior estimate released last month. The IHS Markit flash purchasing managers index rose to a record 61.5 from 60.5 in the previous month. Meanwhile, the U.S. services business activity index jumped to 70.1 in May from 64.7 in April, the sharpest growth since October 2009. Market sentiment was further lifted by the optimism of the first trade talk between China’s Vice-Premier Liu He and U.S. Trade Representative Katherine Tai on 27 May that acknowledged the importance of the bilateral trade relationship. Market players also reacted to gains in regional rubber futures markets, oil prices, decreased NR supply coupled with the decision by International Monetary Fund (IMF) to pitch USD50billion to end the COVID-19 pandemic by vaccinations. Gains in the regional rubber futures markets were driven by a surge in commodity prices, bullish global equities market, brighter economic outlook, positive China and U.S. economic data coupled with expectations of

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

<table>
<thead>
<tr>
<th></th>
<th>SMR CV sen/kg</th>
<th>RM/tonne</th>
<th>SMR 20 sen/kg</th>
<th>RM/tonne</th>
<th>Centrifuged Latex (60% DRC) sen/kg</th>
<th>RM/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>1,095.00</td>
<td>10,950.00</td>
<td>713.00</td>
<td>7,130.00</td>
<td>645.00</td>
<td>6,450.00</td>
</tr>
<tr>
<td>Lowest</td>
<td>1,054.00</td>
<td>10,540.00</td>
<td>664.50</td>
<td>6,645.00</td>
<td>620.50</td>
<td>6,205.00</td>
</tr>
<tr>
<td>Average</td>
<td>1,081.24</td>
<td>10,812.40</td>
<td>686.09</td>
<td>6,860.90</td>
<td>636.76</td>
<td>6,367.60</td>
</tr>
<tr>
<td>Change from the last day of the previous month</td>
<td>36.00</td>
<td>360.00</td>
<td>4.00</td>
<td>40.00</td>
<td>21.50</td>
<td>215.00</td>
</tr>
</tbody>
</table>

Source: Malaysian Rubber Board (MRB)
increased rubber demand. Meanwhile, gains in crude oil prices were due to decreased US stockpile, a storm formed in the Gulf of Mexico and optimism of crude oil demand in the U.S. and parts of Europe where Goldman Sachs expects oil prices to climb to USD80 per barrel in the fourth quarter of this year. On the demand-supply side, the Department of Statistics Malaysia (DOSM) reported that Malaysia’s production of natural rubber (NR) decreased 27.6% in March 2021 to 36,068 tonnes as compared to 49,840 tonnes month-on-month (m-o-m) while total domestic consumption for NR was 49,718 tonnes, an increase of 11.2% m-o-m. The slighter weaker ringgit against the US dollar in May 2021 at RM4.1020 - 4.1435, compared with RM4.0985 - 4.1465 in April 2021 as the Malaysian government tightened the movement restrictions to curb the COVID-19 infections also lent support to the market. Nevertheless, the declines in certain parts of May were due to losses in regional rubber futures markets tracking slower economic growth in China’s manufacturing industry. National Bureau of Statistics (NBS) data showed that industrial output matched expectations with a rise of 9.8%, but slower than 14.1% in March. Meanwhile, China’s official manufacturing PMI released by the NBS on 31 May fell to 51.0 in May from 51.1 in April, as high raw materials costs and supply bottlenecks continued to weigh on industrial production. Market players responded to the concerns about acceleration in the rate of inflation, potential monetary policy tightening by the U.S. Federal Reserve coupled with China’s strengthening price controls of key commodities in its 14th five-year plan from 2021 to 2025. Losses in crude oil prices from prospects of an early return of oil exporter Iran to international crude oil markets amid uneven recovery demand as concerns of soaring COVID-19 cases in Asia further weighed on market sentiment.

Outlook

Prices are expected to be sustained at current levels supported by a brighter global economic outlook, led by the United States. The market is set to be supported by tighter NR supply in some parts of the natural rubber-producing countries due to COVID-19 restrictive measures and the wet weather. According to the Association of Natural Rubber Producing Countries (ANRPC) in its Natural Rubber Trends, April 2021 released on 20 May 2021, the world production of natural rubber (NR) marked at 903,000 tonnes, while its demand recorded at 1.129 million tonnes during April 2021 y-o-y. Meanwhile, both the outlook of world supply and demand for 2021 was retained at 13.793 million tonnes and 13.571 million tonnes respectively. 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 economic recoveries, government economic stimulus, U.S.-China trade talks and updates of the COVID-19 pandemic.

News Briefs

Nearly USD100M logged in Jan-Apr rubber exports

Cambodia exported more than 350,000 tonnes of rubber in 2020, earning more than USD482 million, with most bound for China, Vietnam, Singapore and Malaysia. Hong Menea Cambodia generated USD99.87 million from natural rubber (NR) exports in the first four months of 2021, up by 2.5% from USD97.43 million in the same period last year, according to data from the Ministry of Agriculture, Forestry and Fisheries. By weight, however, exports dropped by 15% to 61,056 tonnes in January-April from 71,749 in the corresponding period last year.

- phnompenhpost.com, 2 May

Continental extends commitment to sustainability in natural rubber supply chain in Indonesia

Continental is extending its commitment to sustainability in the natural rubber (NR) supply chain. The tyre manufacturer and the German Federal Ministry for Economic Cooperation and Development (BMZ) have agreed on a significant expansion of their project to ensure full traceability of the natural rubber supply chain in the Indonesian province of West Kalimantan in Borneo.

- greencarcongress.com, 2 May
China, Japan, South Korea vow 'targeted' support for recovery from pandemic

Finance ministers and central bank governors from China, Japan and South vowed “targeted” measures for those countries most affected by the COVID-19 pandemic and committed to foster fiscal and financial stability. In a joint statement issued after a virtual meeting held on the sidelines of the Asian Development Bank’s (ADB) annual meetings, the ministers pledged to achieve inclusive recovery, preserve long-term fiscal sustainability and maintain financial stability.

- reuters.com, 3 May

Malaysia’s PMI up at 53.9 in April, strongest expansion since July 2012

Malaysia’s Purchasing Managers' Index (PMI) rose to 53.9 in April, from 49.9 in March, the strongest expansion recorded since the survey began in July 2012, according to IHS Markit. In a statement, it said the rise in the composite single-figure indicator of manufacturing performance indicated a solid improvement in the health of the manufacturing sector.

- theedgemarkets.com, 3 May

US: ISM Manufacturing PMI edges lower to 60.7 in April vs. 65 expected

The economic activity in the US manufacturing sector continued to grow at a strong pace in April with the ISM Manufacturing PMI arriving at 60.7. However, this reading came in weaker than the 37-year high set at 64.7 in March and missed the market expectation of 65.

- fxstreet.com, 3 May

Asia manufacturing powers ahead, even as China PMI cools

Asia’s manufacturing activity remained robust through April even as a gauge of factory output in China, the region’s top economy and industrial powerhouse, showed signs of cooling. Taiwan’s IHS Markit April manufacturing purchasing managers’ index rose to 62.4 from 60.8 in March, its highest reading since March 2010. New orders also reached their highest level since the same month. South Korea’s IHS Markit PMI index for April slipped to 54.6 from 55.3 but remains well above the 50 level, signaling ongoing expansion.

- thestar.com.my, 3 May

Euro zone factories raced ahead in April, prices jumped

Euro zone factory activity growth surged to a record high in April, boosted by burgeoning demand and driving a rise in hiring, although supply constraints led to an unprecedented rise in unfulfilled orders, a survey showed. IHS Markit’s final Manufacturing Purchasing Managers’ Index (PMI) rose to 62.9 in April from March’s 62.5, albeit below the initial 63.3 "flash" estimate but the highest reading since the survey began in June 1997.

- theedgemarkets.com, 3 May

US economy to grow 7% this year, fastest since 1980s, says Fed’s Williams

The US economy is likely to expand by 7% this year as it bounces back from the COVID-19 pandemic, its fastest rate since the early 1980s, a top Federal Reserve official said. However, the world’s largest economy still “has a long way to go” and needs to see several months of strong employment growth to achieve a full recovery, said John Williams, president of the Fed’s New York branch.

- malaymail.com, 4 May

Ivory Coast Jan-March 2021 rubber exports slide

Ivory Coast exported 242,621 tonnes of natural rubber (NR) from January to March, down about 30% from the same period in 2020, provisional port data showed. Ivory Coast, the world’s top cocoa producer, is also Africa’s leading grower of natural rubber.

- reuters.com, 4 May
**IMF warns of risk of eventual trade war without global tax deal**

The International Monetary Fund (IMF) called on nations to agree on global rules for corporate-income taxation to avoid an eventual scenario where conflicts between countries make all of them worse off. A multilateral agreement on taxes, like the solutions proposed by the US, is the sole way to ensure that highly profitable multinational firms pay sufficient tax in the places where they do business, including low-income countries, IMF Managing Director Kristalina Georgieva said.

- theedgemarkets.com, 5 May

**BOJ policymakers agreed to focus on low rates as pandemic pain persists**

Bank of Japan (BOJ) policymakers agreed on the need to focus on keeping interest rates stably low while the economy remains under the strain caused by the COVID-19 pandemic, minutes of the central bank's March meeting showed. With state-of-emergency curbs to contain the pandemic hurting consumption and keeping deflation risks alive, the nine board members agreed there was "extremely high uncertainty" over the outlook, according to the minutes.

- theedgemarkets.com, 6 May

**Production of natural rubber decreased 27.6 per cent in March 2021**

Production of natural rubber (NR) decreased 27.6% in March 2021 to 36,068 tonnes as compared to 49,840 tonnes in the previous month. On the contrary, year-on-year comparison showed an increase of 4.5%.

The stocks of NR decreased 1.6% in March 2021 to 281,672 tonnes as compared to 286,117 tonnes in February 2021. Exports of Malaysia's NR amounted 58,852 tonnes in March 2021, an increase of 7.7% as against 54,632 tonnes in February 2021.

Total domestic consumption for NR was 49,718 tonnes, an increase of 11.2% as compared to the previous month. The use of NR in rubber glove manufacturing industry continues to lead with 37,435 tonnes or 75.3% of the total domestic consumption in March 2021.

- dosm.gov.my, 6 May

**U.S. economy likely created nearly a million jobs in April**

U.S. employers likely hired nearly a million workers in April as they rushed to meet a surge in demand, unleashed by the reopening of the economy amid rapidly improving public health and massive financial help from the government. According to a Reuters survey of economists, nonfarm payrolls likely increased by 978,000 jobs last month after rising by 916,000 in March. That would leave employment about 7.5 million jobs below its peak in February 2020.

- reuters.com, 6 May

**China’s export growth unexpectedly speeds up in April**

China’s exports growth unexpectedly accelerated in April as the brisk U.S. recovery and stalled factory production in other countries hit by COVID-19 propped up demand for goods made in the world's second-largest economy. Exports in dollar terms surged 32.3% from a year earlier to USD263.92 billion, China's General Administration of Customs said, beating analysts' forecast of 24.1% and the 30.6% growth reported in March.

- reuters.com, 7 May

**Global manufacturing expands in April but at slower pace**

Global manufacturing activity increased in April for a 10th consecutive month, though at a slightly slower pace than in March, according to an index published by the China Federation of Logistics and Purchasing (CFLP). The global manufacturing purchasing managers' index (PMI) stood at 57.1% in April, down from 57.8% the previous month, according to the CFLP.

- thestar.com.my, 9 May
Minister: Upcoming tyre factory investment to boost Malaysia’s rubber industry

Malaysia’s rubber industry is set to be rejuvenated with the setting up of new tyre manufacturing operations in the country, said Plantation Industries and Commodities Minister Datuk Mohd Khairuddin Aman Razali. He expressed confidence that the rubber industry would recover and the commodity’s price would rebound. “The Malaysian Rubber Board and Malaysian Rubber Council are mobilising efforts to revive and expand the tyre industry, as it has a large market value and can make a positive impact on the country’s rubber industry,” he told reporters after presenting RM200 donations to 100 rubber smallholders affected by the COVID-19 pandemic in Bukit Kerang.

- malaymail.com, 9 May

China’s factory-gate prices surge by most in over three years

China’s factory gate prices rose at the fastest rate in three and a half years during April, official data showed, as the world’s second-largest economy continued to gather momentum following record-setting growth in the January-March quarter. The producer price index (PPI), a gauge of industrial profitability, rose 6.8% from a year earlier, the National Bureau of Statistics (NBS) said in a statement, compared with a 6.5% rise tipped by a Reuters poll of analysts and a 4.4% rise in March.

- investing.com, 11 May

Future-proofing the rubber industry

Although COVID-19 has proven to be a boon for Malaysia’s export of rubber-related medical devices, it is time for the rubber sector and its players to start looking beyond the temporary demand surge and implement proactive measures to remain competitive post-pandemic - while it’s still ahead of the curve. Taking the lead role in driving the future of the sector is the Malaysian Rubber Council (MRC), helmed by its new chief executive officer Nurul Islam Mohamed Yusoff. With the goal of ensuring the rubber industry’s continued resilience and sustainability, MRC is undertaking the critical task of linking the downstream sector with its midstream and upstream counterparts. In doing so, it will address the gaps in the rubber sector’s ecosystem and along its supply chain for growth.

- thestar.com.my, 11 May

UN raises global economic forecast to 5.4% growth in 2021

The United Nations responded to the rebounding Chinese and U.S. economies by revising its global economic forecast upward to 5.4% growth for 2021, but it warned that surging COVID-19 cases and inadequate availability of vaccines in many countries threaten a broad-based recovery. In raising its projection from January of 4.7% growth, the U.N.’s mid-2021 World Economic Situation and Prospects report pointed to the rapid vaccine rollout in a few large economies led by the U.S. and China and an increase in global trade in merchandise and manufactured goods.

China’s vehicle inventory alert index up in April

China’s vehicle inventory alert index, which reflects the inventory pressure on automobile dealers, rose 0.9 percentage points month on month in April, industrial data showed. The index stood at 56.4% in April, down 0.4% from a year ago, according to the China Automobile Dealers Association (CADA).

- china.org.cn, 10 May

Indian auto dealers predict slow sales recovery as virus spreads to rural areas

India’s leading automobile dealers association said sales will take longer to recover than they did after the first wave of COVID-19 infections last year as the virus spreads to villages and smaller towns. Auto sales, especially cars and sport-utility vehicles (SUVs), bounced back strongly last year as buyers rushed to buy private vehicles to ensure safety and maintain social distance. The Federation of Automobile Dealers Association (FADA) said registrations of new vehicles, including cars, SUVs, motorbikes and trucks, for April were 28% lower than March, and sales would continue to remain sluggish in May with some lockdowns extended until the end of the month.

- carandbike.com, 10 May
that has already reached its pre-pandemic level.

- westport-news.com, 12 May

**China car sales in Q1 2021 rebounded to its pre-coronavirus levels**

According to LMC’s on 13th May monthly reports, car sales in China in Q1 2021 almost reached its pre-coronavirus levels. The sales recovered to 2.41 million units in January 2021, month on month (M-o-M) +27% from 2020, 1.38 million units in February 2021 MoM +383% from 2020, and 2.34 million units in March 2021 MoM +71% from 2020. Together, in Q1 2021, China car sales recovered 72.8% from the same quarter a year earlier. The auto sales in Q1 2021 are down merely by 1.7% from its pre-COVID-19 sales in Q1 2019.

- ircorubber.com, 13 May

**Auto sales jump 8.6% in April as sector recovers**

China’s auto sales rose 8.6% year-on-year to 2.25 million units in April, data from the China Association of Automobile Manufacturers showed. Although the growth pace is slower than the 74.9% year-on-year rise seen in March, auto production and sales continued to buck an upward trend amid the sector's solid recovery momentum last month. In the January-April period, the country's auto sales rose 51.8% year on year to 8.75 million units. China's automobile sector posted a strong exports performance in April. Chinese car firms exported 151,000 cars in April, rising by 13.7% month on month and 1.1 times year on year, the CAAM said. About 516,000 cars were exported in the first four months of this year, up 88.1% year on year.

- shine.cn, 15 May

**China’s industrial output growth slows in April, retail sales miss forecasts**

China's factory output growth slowed in April from the jump seen in the previous month while retail sales missed analyst expectations, indicating more pressure on the recovery in consumption. Industrial production grew 9.8% in April from a year ago, slower than the 14.1% surge in March, National Bureau of Statistics data showed, but matching a consensus forecast by analysts from a Reuters poll.

- reuters.com, 17 May

**China April crude throughput surges 7.5% on year, but slows from peak**

China’s crude oil throughput rose 7.5% in April from the same month a year ago but remained off the peak seen in the last quarter of 2020 as several state-run oil refineries carried out maintenance amid thin margins and high fuel products stocks. The country processed 57.9 million tonnes of crude oil in April, data from the National Bureau of Statistics (NBS) showed, equivalent to 14.09 million barrels per day (bpd).

- reuters.com, 17 May

**G7 urged to donate ’emergency’ supplies to vaccine-sharing scheme**

The head of UNICEF asked G7 countries to donate supplies to the COVAX vaccine-sharing scheme as an emergency measure to address a severe shortfall caused by disruption to Indian vaccine exports. India has curbed exports of the AstraZeneca vaccine made by its Serum Institute, which had been pledged to COVAX, to be used by the country as it battles a massive second wave of infections. U.N. agency UNICEF, which is in charge of supplying COVID-19 vaccines through COVAX, estimates the supply shortfall at 140 million doses by the end of May and about 190 million by the end of June.

- reuters.com, 17 May

**Japan’s exports jump most in decade as trade recovery perks up**

Japan’s exports grew the most since 2010 in April while capital spending perked up on surging global demand for cars and electronics, lifting hopes that an improvement in trade could help lead the world’s third-largest economy back to growth. Exports rose 38.0% in April from a year
earlier, official data showed, compared with a 30.9% increase expected by economists and following a 16.1% rise in March. That was the fastest gain since April 2010, led by U.S.-bound shipments of cars and car parts and Chinese demand for chip-making equipment.

- reuters.com, 19 May

**Rubber giant sees prices rising on jump in auto sales and travel**

Thailand-based Sri Trang Agro-Industry Pcl, the world’s top rubber producer, expects no surplus of the commodity this year as demand recovers, and supply is hit by a shortage of tappers and fungal disease. Rubber demand will expand 5%-7% in 2021, while supply growth will be flat to 2%, Veerasith Sinchareonkul, executive director said.

Rising demand for car tyres as a result of a recovery in auto sales and travel is the key driver for prices as 80% of supply is used for tyre manufacturing. Demand for rubber gloves is expected to continue to expand after the pandemic as emerging economies widen people’s access to health care and the population ages, he said.

- theedgemarkets.com, 19 May

**Tyre makers outline new sustainability pathways**

Nearly a dozen tyre makers from around the globe are charting a future they hope will lead to more sustainability within their industry. The Tyre Industry Project (TIP) within the World Business Council for Sustainable Development has been around for about 15 years and has been working on a new “roadmap” for change. The idea behind the project, which has been a focus for about 18 months, is to accelerate progress on achieving sustainable development goals established by the United Nations by 2030.

- rubbernews.com, 19 May

**India mulls antidumping duties on NBR imports**

The Indian government has been advised to impose a five-year antidumping duty on acrylonitrile butadiene rubber (NBR) imports from China, EU, Japan and Russia. In its final findings of the antidumping investigations published 12th May, the Directorate General of Trade Remedies concluded that domestic industry had suffered material injury due to the dumping NBR. The agency has recommended a duty of USD2,086.78/metric ton for all producers.

- rubbernews.com, 20 May

**IMF pitches USD50 Billion plan to end coronavirus pandemic**

The International Monetary Fund (IMF) unveiled a USD50 billion proposal to end the COVID-19 pandemic by vaccinating at least 40% of the population in all countries by the end of 2021 and at least 60% by the first half of 2022. Doing so, IMF officials say, would inject the equivalent of USD9 trillion into the global economy by 2025 due to a faster resumption of economic activity, with rich countries potentially benefitting the most.

- aljazeera.com, 21 May

**Goldman sees oil hitting USD80/bbl despite likely return of Iran supply**

Goldman Sachs said it expects oil prices to climb to USD80 per barrel in the fourth quarter of this year, arguing that the market has underestimated a rebound in demand even with a possible resumption in Iranian supply. “The case for higher oil prices therefore remains intact given the large vaccine-driven increase in demand in the face of inelastic supply,” the bank said in a note dated Sunday.

- reuters.com, 24 May

**China to strengthen commodity price controls in next five years**

China will strengthen price controls of key commodities in its 14th five-year plan from 2021 to 2025, making plans to cope with abnormal
fluctuations in the prices of items such as iron ore, and corn, the state planner said. The National Development and Reform Commission said China would stick to its minimum purchase price policy framework for rice and wheat, ensure supply and stabilise prices.

- reuters.com, 24 May

**Singapore sees uneven recovery after Q1 GDP tops forecasts**

Singapore's economy expanded more than first thought in the first quarter and the government maintained its growth forecast for the year but struck a cautious note about recovery due to uncertainties from the COVID-19 pandemic. Gross domestic product (GDP) grew 1.3% year-on-year (y-o-y) in the first quarter, the Ministry of Trade and Industry (MTI) said, higher than the 0.2% growth seen in the government's advance estimate.

- reuters.com, 24 May

**For China, excess economic stimulus not as risky as tapering stimulus too quickly, economists say**

China’s economy is not at risk of overshooting on economic stimulus, despite the recent strong rise in commodity prices, and any attempts to aggressively taper economic support would be more detrimental than helpful, according to economists. The domestic prices of steel, copper, coal and other raw materials key ingredients in the infrastructure and real estate building boom that has powered. The high price of steel and other raw materials has forced Chinese manufacturers, particularly smaller private-sector firms to reject new customer orders outright because they can no longer make a profit.

- scmp.com, 26 May

**World natural rubber use seen rebounding 7% in 2021**

The International Rubber Study Group (IRSG) expects global natural rubber (NR) consumption to increase by 7% in 2021, after declining 8.1% in 2020 because of the pandemic, secretary general Salvatore Pinizzotto said. However, demand recovery this year could be slower than expected, despite growth in Asia, he said, predicting a 5.3% rise in global NR consumption in 2022. "Rubber consumption declined significantly in 2020, driven by demand shock in the face of the pandemic contagion, while natural rubber production intensity is declining despite an increase in mature areas," he said via video remarks at the 18th Shanghai Derivatives Market Forum.

- rubberstudy.org, 27 May

**U.S. GDP expanded at unrevised 6.4% rate in first quarter**

The U.S. economy expanded at an annualized 6.4% pace in the first quarter unrevised from the prior estimate released last month, the Commerce Department said. Economists polled by the Wall Street Journal were expecting a 6.6% rate. While consumer spending was revised higher, this was offset in part by stronger import growth, the government said.

- marketwatch.com, 27 May

**Statistics Department sees Malaysia’s economy further improving in Q2**

Malaysia’s economy is expected to further improve in the second quarter of 2021 (Q2 21) especially on the back of a low base as the economy contracted 17.1% in the second quarter of 2020, based on the performance of several key economic indicators. “Further to this, the leading index (LI) for March 2021 achieved strong growth at 17.3%, mainly due to the low base effect of March 2020 following a nationwide lockdown and
the better performance of LI components,” said the Department of Statistics Malaysia (DoSM) chief statistician Datuk Seri Dr Mohd Uzir Mahidin in a statement in conjunction with the publication of the latest Malaysian Economic Statistics Review (MESR) Vol. 5/2021 by DoSM.

- theedgemarkets.com, 27 May

**ANRPC releases natural rubber trends April 2021**

The world production of natural rubber (NR) marked at 903,000 tonnes, while the world demand of NR recorded at 1.129 million tonnes during April 2021 on a year-to-year (y-o-y) basis. Despite the favourable fundamental in NR industry, the price of futures and physical markets were relatively volatile compared to last month and posted a "V" trend. The alarming worries from the infectivity rates of Covid-19 around the world, several countries have imposed different level of lockdown to fight with the pandemic. This may result to delay in resuming the economic activities completely for full recovery due to health concerns.

- anrpc.org, 27 May

**Top US Fed official downplays inflation, warns against acting early**

The current spike in inflation is unlikely to pose a persistent threat to the US economy, and prematurely heeding calls to act could derail the recovery from the COVID-19 downturn, a top Federal Reserve official said. Fed Vice Chair Randal Quarles also said he is optimistic about the country's growth prospects and economic outlook thanks to a stockpile of consumer savings that will boost spending. But policymakers will "remain patient" before tapping the breaks on stimulative policies, to ensure jobs recover and return to what the central bank considers full employment, Quarles said in a speech to The Brookings Institution.

- straitstimes.com, 27 May

**China industrial profits rise 57% y/y in April, slowing amid high commodity prices**

Earnings at China's industrial firms grew at a slower pace in April, with high commodity prices and weaker performance in the consumer goods sector limiting overall profitability from manufacturing. Profits at China’s industrial firms rose 57% year-on-year (y-o-y) in April to 768.63 billion yuan (USD120.22 billion), down from year-on-year growth of 92.3% in March, data from the National Bureau of Statistics (NBS) showed. For the January-April period, industrial firms' profits grew 106% from the same period a year earlier to 2.59 trillion yuan.

- theedgemarkets.com, 27 May

**China Vice-Premier Liu He holds talks with US trade chief**

China and the United States agreed that the development of bilateral trade is very important, China’s commerce ministry said, adding that both sides exchanged views on issues of mutual concern. The ministry said in a statement on its website that Vice-Premier Liu He spoke with US Trade Representative Katherine Tai 27th May, and described the talks as candid, pragmatic and constructive. The two sides also consented to continue with maintaining communication.

- straitstimes.com, 28 May

**Euro zone sentiment hits three-year high, inflation expectations jump**

Economic sentiment improved by more than expected to a three-year high in May, data showed, with the strongest gains in services, retail and among consumers as governments eased pandemic restrictions. The European Commission's (EC) economic sentiment index rose to 114.5 points in May from 110.5 in April, beating expectations in a Reuters poll of an improvement to 112.1. It was the highest level of the index since January 2018. Optimism in services, which make up two thirds of the euro zone economy, rose the most to 11.3 points from 2.2, far above expectations of a rise to 7.5.

- reuters.com, 28 May
**Biden’s tax hike plans would raise USD2.4 trillion after energy, child credits -Treasury**

The Biden administration’s proposals to raise taxes on corporations and wealthy Americans would boost U.S. revenues by a net USD2.4 trillion over a decade, after hefty tax deductions and credits to support clean energy, children and families, the Treasury said. The Treasury said that corporate tax hike proposals, including new global minimum taxes, would lift revenues by USD2.035 trillion over a decade, including USD98 billion in fiscal 2022 and USD195.7 billion in fiscal 2023. The estimates were contained in the Treasury's revenue "Green Book" that accompanied Biden's USD6 trillion overall budget proposal.

- reuters.com, 29 May

**China’s factory activity slows slightly in May as raw materials costs surge**

China’s factory activity slowed slightly in May as high raw materials costs and supply bottlenecks continued to weigh on industrial production, particularly for small and export-oriented firms. The official manufacturing Purchasing Manager’s Index (PMI) inched lower to 51.0 in May from 51.1 in April, data from the National Bureau of Statistics (NBS) showed but remained above the 50-point mark that separates growth from contraction. Analysts had expected a PMI reading of 51.1 in May.

- reuters.com, 31 May

**Growth in China’s services sector accelerates in May**

Activity in China’s services sector expanded at a faster pace in May, official data showed as domestic consumption continue to grow at a modest pace. The official non-manufacturing Purchasing Managers’ Index (PMI) rose to 55.2 from 54.9 in April, data from the National Bureau of Statistics (NBS) showed.

- reuters.com, 31 May
Malaysia’s NR Imports by Countries, March 2021\(^p\)

- Thailand: 44.3%
- Indonesia: 1.0%
- Vietnam: 0.7%
- Cambodia: 0.0%
- Malaysia: 6.4%
- Others: 35.2%

Total: 58,852 tonnes

February 2021\(^p\)

- Thailand: 40.6%
- Indonesia: 1.0%
- Vietnam: 0.7%
- Cambodia: 0.0%
- Others: 37.1%

Total: 109,759 tonnes

Source: Department of Statistics Malaysia (DOSM)

Malaysia’s NR Exports by Countries, March 2021\(^p\)

- China: 51.8%
- Others: 24.6%

February 2021\(^p\)

- China: 40.1%
- Egypt: 1.8%
- Korea, Rep. of: 1.0%
- Iran: 1.7%
- USA: 4.8%
- Finland: 5.3%
- Germany: 6.4%

Total: 58,852 tonnes

Note: \(^p\) = provisional

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

Total: 44,697 tonnes

SMR 95.6%
RSS 4.1%
Latex 0.0%
Others 0.2%
Total: 58,852 tonnes

February 2021

SMR 96.5%
RSS 0.0%
Latex 3.5%
Others 0.0%
Total: 54,631 tonnes

Malaysia’s NR Consumption by Sectors, March 2021

Total: 49,718 tonnes

Gloves 75.3%
Tyres & Tubes 7.4%
Rubber thread 8.5%
Other products 8.6%
Rubber Compound 0.3%
Total: 44,697 tonnes

February 2021

Gloves 77.8%
Other products 7.3%
Rubber Compound 0.2%
Tyres & Tubes 6.7%
Rubber thread 8.0%

Note: P = provisional

Source: Department of Statistics Malaysia (DOSM)