



MALYSIAN RUBBER BOARD

D I G E S T

A monthly publication of the Malaysian Rubber Board

2019
AUG

Natural Rubber Market Review

August

Generally easier conditions set in during August 2019 as consumer interest was poor coupled with weak prices in the regional markets. Monthly average prices continued to decline from the previous month owing to lack of demand amid deepening worries over the impact of escalating United States - China trade tensions to the global economic growth. Compared with those on 31 July 2019, the price of SMR 20 declined by 17.5 sen/kg or 3.1% to close at 538.50 sen/kg while latex concentrate closed at 431.00 sen/kg, fell by 28.0 sen/kg or 6.1%. Price movements of selected grades of rubber in August are shown in Table 1.

The market edged lower for the major part of month, largely brought by the slumping global commodity and stock markets after an inversion in the U.S. bond yield curve raised fears of an impending recession. The yield on the U.S. treasury 10-year note fell below the two-year yield for the first time since 2007 on 15 August, in the latest signal that the global economy faces severe risks. Prices continued to remain subdued

owing to escalating trade tension between U.S and China. U.S. President Donald Trump on 23 August announced that U.S will hike tariffs on USD250 billion worth of Chinese goods to 30% from 25%. Trump said that tariffs on another USD300 billion in Chinese products will also go up to 15% from 10%. The levies on the USD250 billion worth of goods are scheduled to kick in 1st Oct., while the duties on the USD300 billion are set to go into effect in two stages on 1st Sept and 15th Dec. Meanwhile, China unveiled new tariffs on USD75 billion of U.S. goods. The bearish sentiment prevailed in the market after China's Official Purchasing Managers' Index (PMI) fell for the fourth month in August to 49.5. In addition, growth of China's industrial output hitting a 17-year low in July at 4.8% from a year earlier. Weaker advices from regional rubber futures markets was observed as inventories in warehouses monitored by the Shanghai Futures Exchange (SHFE) surged to 463,555 tonnes on 30 August. The market was also dragged down by declining oil prices resulting from worries that the U.S.- China trade conflict is hurting the global economy, which could dampen the oil demand.

Nevertheless, the decline in the rubber market during the month was capped by declining of natural rubber (NR) production. The Association

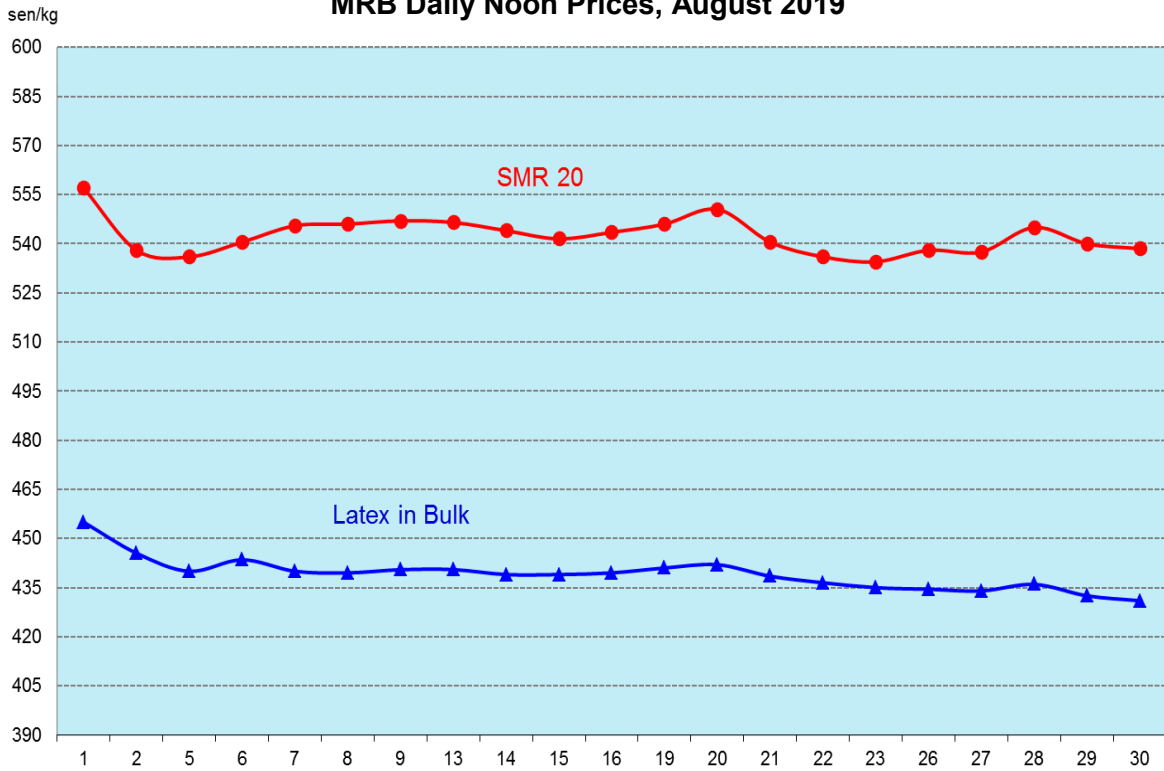
Table 1: Prices of SMR CV, SMR 20 and Latex Concentrate, August 2019

	SMR CV		SMR 20		Latex Concentrate	
	sen/kg	RM/tonne	sen/kg	RM/tonne	sen/kg	RM/tonne
Highest	778.50	7,785.00	557.00	5,570.00	455.00	4,550.00
Lowest	738.50	7,385.00	534.50	5,345.00	431.00	4,310.00
Average	751.98	7,519.80	542.48	5,424.80	439.19	4,391.90
Change from the last day of the previous month	-46.50	-465.00	-17.50	-175.00	-28.00	-280.00

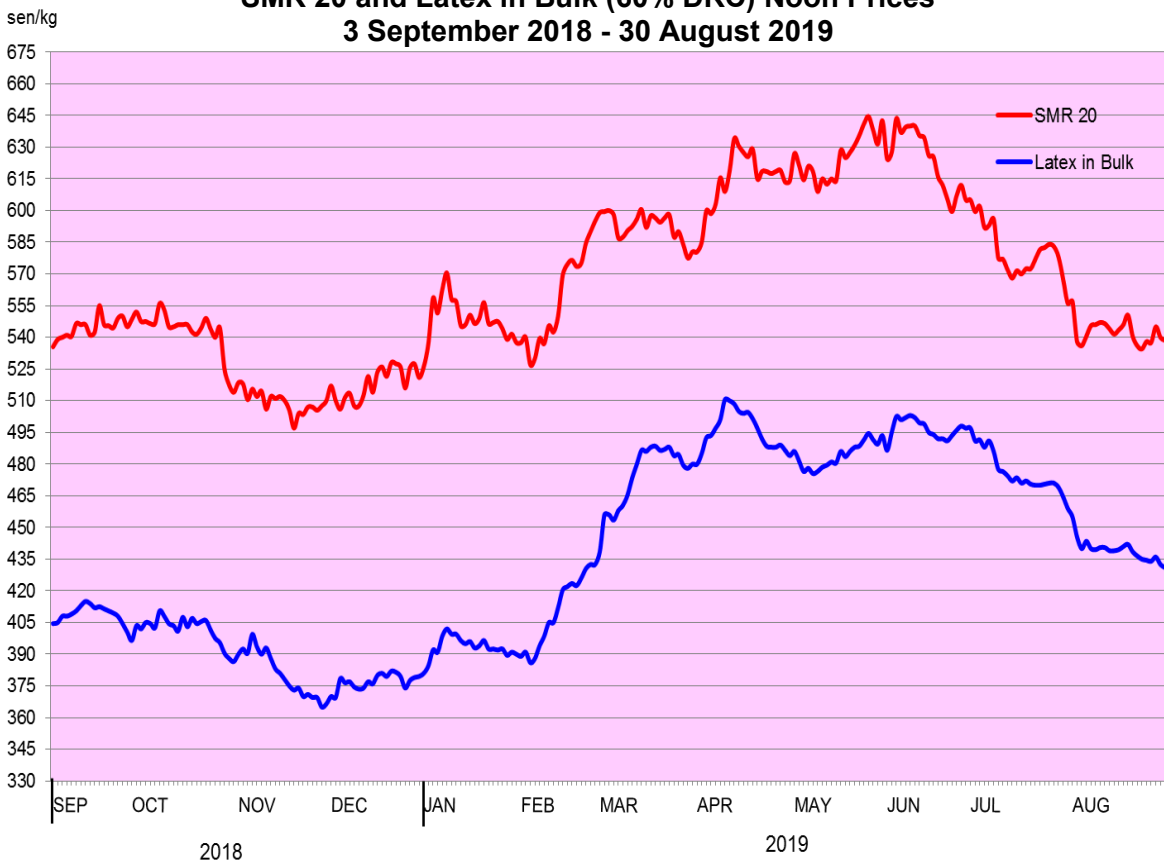
Note: * Official price of latex concentrate in bulk, 60% DRC

Source: Malaysian Rubber Board

MRB Daily Noon Prices, August 2019



SMR 20 and Latex in Bulk (60% DRC) Noon Prices 3 September 2018 - 30 August 2019



of Natural Rubber Producing Countries (ANRPC) on 20 August reported that the world production of natural rubber (NR) declined by 6.5% to 4.930 million tonnes during the first five months of 2019, on a year-to-year basis. The production by two major NR producers – Thailand and Indonesia, fell 21.0% and 4.3% during the first five months of 2019 respectively. Furthermore, the Department of Statistics Malaysia (DOSM) reported that the Malaysia's NR production in June 2019 declined by 10.7% to 36,957 tonnes, as compared to June 2018. Month-on-month comparison showed the production of NR declined by 16.9%. The positive sentiment was aided by the shortage of raw material due to *Pestalotiopsis* Disease (fungal disease) on rubber plantations in Indonesia. According to the Indonesian government, there will be at least 15% reduction of Indonesia's production in 2019. To date, 382,000 hectares of NR plantation have been affected by the disease in Indonesia. On the other hand, the market was responded positively after International Rubber Consortium (IRCo) announced that Thailand, Indonesia and Malaysia under the International Tripartite Rubber Council (ITRC) complied and are fully committed with the respective export cutback under the 6th Agreed Export Tonnage Scheme (AETS) implementation. The market losses throughout the month were offset by the continuous depreciation of ringgit against the U.S dollar to RM4.1445 – 4.2250.

Outlook

In the near term, NR prices are likely to be further influenced by uncertain outlook of non-fundamentals factors such as U.S - China factors, currencies performance of NR exporting countries against the U.S dollar, crude oil prices as well as the trend of regional rubber futures markets. Although buying interest is declining due to expectation of global economic slowdown, the supply disruption following fungal disease coupled with declining world NR production could give some support to prices. Prices are expected to move within a tight range due to increasing signs that the United States and China will not quickly resolve their trade war.

News Briefs

Fed cuts interest rates, signals it may not need to do more

The Federal Reserve cut interest rates on 1st August, but the head of the U.S. central bank said the move might not be the start of a lengthy campaign to shore up the economy against risks including global weakness. Fed Chairman Jerome Powell cited signs of a global slowdown, simmering U.S. trade tensions and a desire to boost too-low inflation in explaining the central bank's decision to lower borrowing costs for the first time since 2008 and move up plans to stop winnowing its massive bond holdings.

- *reuters.com*, 1 Aug

Malaysia's manufacturing PMI slips in July to 47.6

Malaysia's Nikkei Manufacturing Purchasing Managers' Index (PMI) registered 47.6 in July, slipping from 47.8 in June. The Nikkei Malaysia Manufacturing PMI's latest survey data show overall that Malaysia's manufacturing sector continued to endure a challenging business environment. In a statement, IHS Markit, which compiles the data, said softer demand has put further pressure on production and deterred firms from increasing their workforces.

- *theedgemarkets.com*, 1 Aug

Asian factories suffering, more stimulus seen ahead

Asian factory activity contracted further in July, fuelling worries that a U.S-China trade war and a slowdown in China could tilt the world toward a global recession, which central banks will have to fight with depleted ammunition. Purchasing Managers' Indexes (PMI) showed manufacturing activity contracting in China for a second consecutive month, while export driven economies in North Asia - Japan, South Korea and Taiwan - have been in pain for longer.

- *reuters.com*, 1 Aug

Trump: U.S. will hit USD300 billion worth of Chinese goods with 10% tariff

U.S. President Donald Trump said he would impose an additional 10% tariff on USD300 billion worth of Chinese imports starting Sept. 1, as talks aimed at easing tensions between the world's two largest economies continue. "This does not include the 250 Billion Dollars already Tariffed at 25%," Trump tweeted. U.S. stock prices fell after Trump's announcement, with the Dow Jones Industrial Average .DJI falling into negative territory. U.S. and Chinese negotiators ended two days of talks in Shanghai on Wednesday with little sign of progress, although both countries described the negotiations as constructive. Another round of meetings between the negotiators has been scheduled for September. The United States and China have been locked in a trade war marked by tit-for-tat tariffs since last year. The tensions have disrupted global supply chains and roiled financial markets.

- reuters.com, 2 Aug

MOF: Malaysia on track to achieve 2019 GDP growth target

Malaysia is on track to achieve its gross domestic product (GDP) growth target at between 4.3% and 4.8% for 2019 after the economy expanded 4.5% in the first quarter (1Q19) from year earlier. Deputy Finance Minister Datuk Amiruddin Hamzah said here today the nation's 1Q19 GDP growth is deemed good given the current global economic landscape.

- theedgemarkets.com, 2 Aug

Japanese automakers' sales slump in South Korea as boycott bites

Japanese automakers saw their combined South Korean vehicle sales slump in July, data showed on 5 Aug 2019, after Japan's export curbs to Korea sparked a consumer backlash. Toyota Motor saw its July sales slump 32% from a year earlier in South Korea, while Honda's sales skidded 34%, according to data from the Korea Automobile Importers & Distributors Association (KAIDA).

- uk.reuters.com, 5 Aug

Thai Commerce Ministry to prioritise raw, rubber products

Thailand's Commerce Ministry has renewed its income guarantee scheme to include rubber and oil palm as top priority agricultural products to be presented to the new government, which advocated income guarantees as part of its election manifesto. According to the Director-General of Internal Trade, Whichai Phochanakij, the department is preparing data and guidelines for the crops, which will cover the reference price calculation method, the registration process and budget allocation. The proposal to a new policy committee chaired by Deputy Prime Minister and Commerce Minister Jurin Laksanawisit will also specify criteria governing support to farmers.

- rubberjournalasia.com, 6 Aug

USTMA predicts slight increase in 2019 tyre shipments

Original equipment light- and medium-truck tyre demand, coupled with a growth in demand for replacement passenger and light truck tyres, should positively impact total tyre shipments this year, according to the latest predictions by the U.S. Tyre Manufacturers Association (USTMA). Total tyre shipments, USTMA said, should grow by about 0.7% to 332.9 million units in 2019. This is up from the 330.4 million units shipped last year. Original equipment passenger tyre shipments for 2019 are expected to fall by 1.9%, to 45.2 million from 47.1 million.

- rubbernews.com, 7 Aug

Rubber trade groups IRSG, GPSNR agree to cooperate

The International Rubber Study Group (IRSG) has agreed to work with the Global Platform for Sustainable Natural Rubber (GPSNR) to build cooperation between the groups. The groups signed a Memorandum of Understanding on 5 August in Singapore, that aims at consolidating, developing and detailing the cooperation between the IRSG and the GPSNR, the IRSG said. The IRSG and the GPSNR have identified several areas for immediate cooperation, including the socio-economic impacts of natural rubber (NR)

sustainability on smallholders in producing countries, the impact of climate change on NR plantations and how to mitigate those risks.

- *tyrebusiness.com*, 7 Aug

EVs and new cars that excite auto buyers

Carmakers are pushing new boundaries in the local automotive scene with new, exciting launches in the past seven months. The demand for electric vehicles (EVs) is gaining momentum, while enhanced safety, futuristic infotainment system and connected cars are becoming norms among the new entries. Total industry volume rose 2.3% or 6,735 units to 296,334 vehicles sold in the first half of 2019 with domestic automakers, Proton Holdings Bhd and Perusahaan Otomobil Kedua Sdn Bhd (Perodua), driving up sales with their SUVs.

- *themalaysianreserve.com*, 7 Aug

Risk is rising in global auto market, uncertainty high

The entire global vehicle market is facing flat-to-falling sales for the foreseeable future, says Jeff Schuster, president of global forecasting at LMC Automotive. "Risk to auto sales globally is rising, and uncertainty remains high," Schuster told *Automotive News Europe* sister publication *Automotive News*. The mature markets of Western Europe, the U.S., Japan and Korea will likely contract in volume over the next five to seven years, Schuster said, which means the industry's global growth opportunities will rely on emerging markets.

- *europa.autonews.com*, 7 Aug

China drawing up new measures to boost trade amid U.S. tariff war

China is drawing up new measures aimed at stabilising foreign trade, the official China Securities Journal reported, to offset the effects of a bitter trade war with the United States. The newspaper, run by the Xinhua agency, said several government departments were currently drafting policies and considering revising catalogues specifying what technologies should be imported. They were also looking at expanding

cross-border e-commerce and launching new import trade demonstration zones.

- *reuters.com*, 8 Aug

China surprises with best export growth since March, but imports remain weak

China's exports unexpectedly returned to growth in July despite escalating U.S. trade pressure, but the rebound may be short-lived as Washington prepares to impose even more tariffs on Chinese goods. A sharp drop in the yuan currency this week may offer only scant relief for Chinese exporters, who are facing both additional U.S. levies on 1 September and sputtering demand worldwide. July exports rose 3.3% from a year earlier, the fastest since March, customs data showed on Thursday. Analysts had expected a slightly bigger 2.0% drop after June's 1.3% fall. But imports remained weak, declining 5.6% and highlighting still sluggish domestic demand. Still, the drop was less than an expected 8.3% and June's 7.3%.

- *reuters.com*, 8 Aug

Rubber production 'expected to drop 30 % this year'

Agriculture and Cooperatives Minister Chalermchai Sri-on said that he would discuss the problem of plummeting rubber price and find suitable solutions with the Rubber Authority of Thailand. "Besides using rubber for road construction, the Agriculture Ministry will collaborate with other agencies to find ways to utilise rubber as a raw material in other projects such as playground safety tiles, traffic cones, road barriers, and multi-purpose floor mats." Chalermchai hinted that this year's rubber production would drop by at least 30 % due to labour shortage and drought, which had caused rubber trees to die before yielding latex, especially in the northeastern region.

- *nationthailand.com*, 8 Aug

Disease threatens natural rubber production

"The future of the Indonesian Hevea remains at risk," said Kavickumar s/o Muruganathan, vice president, environment, health & safety at Halcyon

Agri Corp. Ltd. The new leaf fall disease in South Sumatra might also have contributed to the drop," Nguyen wrote. But other sources within the NR industry said they doubted that the Fusicoccum fungus was spreading quickly or having much of an effect. According to the estimate now circulating, about 100,000 hectares slightly less than 250,000 acres of NR-growing land in Indonesia has been affected by the fungus, said the Norfolk, Va.-based rubber supplier.

- *rubbernews.com*, 8 Aug

Fostering collaboration between IRSG and FTA for sustainable natural rubber

The International Rubber Study Group (IRSG) and the Forests, Trees and Agroforestry research program of the CGIAR (FTA) led by the Center for International Forestry Research (CIFOR) have decided to collaborate on issues related to the sustainability of natural rubber (NR) production in order to support sustainable development of the NR economy. The two organizations signed a Letter of Intent establishing a collaboration to mobilize the work conducted in both organizations to work jointly on all dimensions of sustainability in relation to the rubber economy. These activities could lead to joint proposals for resource mobilization to support countries and actors.

- *rubberstudy.com*, 8 Aug

Auto industry should also focus on the manufacture and export of spare parts and components – MITI

The government says that the local automotive industry should not just focus on growth in the production and sales of new vehicles, but give equal emphasis to the development of the manufacture and export of Malaysian-made vehicle parts and components, *Bernama* reports. Malaysia's parts and components sector reported total exports of RM6.76 billion in the first half of 2019, achieving 52% of its full-year target of RM13 billion that has been set for it. Exports have grown in the last five years from RM4.7 billion in 2014 to RM12.1 billion in 2018, and was the strongest growth performer for the industry in 2018.

- *paultan.org*, 8 Aug

Natural rubber production in June 2019 decreased 16.9%

The Department of Statistics Malaysia (DOSM) reported that the Malaysia's natural rubber production in June 2019 was 36,957 tonnes, decreased 10.7% as compared to 41,364 tonnes as recorded in June 2018. Month-on-month comparison showed the production of natural rubber declined by 16.9% from 44,479 tonnes in May 2019. Exports of Malaysia's natural rubber amounted 54,547 tonnes, decreased by 4.1% against 56,850 tonnes in May 2019. China is the main destination of exported natural rubber, 61.3% of the total exports in June 2019 followed by Germany (9.8%), U.S.A. (3.6%), Iran (3.4%) and Korea (1.9%). Stocks of natural rubber recorded in June 2019 was 165,596 tonnes, decreased by 6.4% from 176,972 tonnes in May 2019. Total domestic consumption of natural rubber was 38,791 tonnes, a decrease of 10.9% against 43,529 tonnes as reported in May 2019. Natural rubber is widely used in the manufacturing of rubber glove industry with a consumption of 28,817 tonnes or 74.3% of the total domestic consumption.

- *dosm.gov.com*, 9 Aug

Trade war escalation nudges U.S. closer to recession

The recent escalation in the U.S.-China trade war has brought forward the next U.S. recession, according to a majority of economists polled by Reuters who now expect the Federal Reserve to cut rates again in September and once more next year. Despite expectations for further easing, the 6-8 August poll gave a median 45% probability of the U.S. economy slipping into a recession in the next two years, up from 35% in the previous poll and the highest since that question was first asked in May 2018.

- *reuters.com*, 9 Aug

China launches natural rubber futures

China on 12 Aug started the trading of yuan-denominated natural rubber futures, the technically specified rubber (TSR) 20 futures. The TSR 20 futures is the country's fourth commodities futures open to both home and

overseas investors after crude oil futures, PTA futures and iron ore futures. Largely produced in Southeast Asian countries like Indonesia and Thailand, the natural rubber TSR 20 is a main raw material for tyres. China has become a major consumer of TSR 20 as the country sees a growing automotive industry, with total import volume of natural and synthetic rubber exceeding 3 million tonnes in the first half of 2019. The whole industry chain has been calling for risk management tools to hedge against price fluctuations. Jiang Yan, chairman of the Shanghai Futures Exchange, said the launch of TSR 20 trading will promote risk management in related industries using the futures market and form a multi-layer system interconnecting domestic and overseas markets.

- *xinhuanet.com*, 12 Aug

Rubber exports grew 10% over last decade

Malaysia's rubber exports have consistently outperformed the national export growth rate over the last few years, says Primary Industries Minister Teresa Kok. She said growth in the export of rubber products registered an average of 10% over the last decade. "I would expect the rubber product industry to continue to achieve greater heights and take its place among the top five export performers," she said after launching the Malaysian Rubber Export Promotion Council (MREPC) fund for automation and green technology here today. Last year, export of rubber products accounted for 2.4% of total exports, with a total worth of RM23.7 billion.

- *freemalaysiatoday.com*, 12 Aug

MREPC allocates RM20 million to help SMEs in automation, green technology

The government through the Malaysian Rubber Export Promotion Council (MREPC) has allocated RM20 million under the new MREPC Fund for Automation & Green Technology to help industry players especially the small and medium-sized enterprises (SMEs). MREPC board of trustees chairman Chik Chan Chee said the initial fund was in the form of a matching grant of up to 50 per cent of the project cost, subject to a maximum of RM1 million per company.

- *factiva.com*, 12 Aug

China new-energy vehicle sales see first decline in two years

Sales of new energy vehicles (NEVs) in China fell 4.7% in July from a year earlier, the first drop in more than two years, data from the country's biggest auto industry association showed. NEV sales fell to 80,000 units last month in China. That compared with a growth of 80% in NEV sales in June. Overall auto sales in the world's biggest vehicle market fell 4.3% in July, down for a 13th consecutive month, the China Association of Automobile Manufacturers (CAAM) said on Monday.

- *ft.com*, 12 Aug

Farmers bewail low rubber prices, plant disease

A plant disease has spread to a majority of Palembang's rubber plantations in South Sumatra, amid a plunge in the commodity's prices and the government's joint efforts with major rubber producing countries to limit supply. Around 2.5 million Indonesian rubber farmers have been affected by the recent epidemic, 85% of whom are smallholders.

- *The Jakarta Post*, 13 Aug

Rubber glove industry targets RM20 billion revenue this year

Malaysia's rubber glove industry needs more workers to ramp up its production to achieve its target of RM20 billion in revenue this year against RM17.5 billion in 2018. The Malaysian Rubber Glove Manufacturers Association (MARGMA) President Denis Low Jau Foo said the industry currently has 40,000 to 42,000 workers and in need of between 12,000 to 15,000 foreign workers to increase its productivity. "The local glove industry today is not running at its maximum capacity. If we have more workers, we can increase the production of about 10% more. With enough workers, we can achieve the RM20 billion target," he told Bernama.

- *theborneopost.com*, 14 Aug

Thai imports increase despite slow growth in Indian tyre industry

The imposition of the counter-veiling duty (CVD) on tyres from China has led Chinese tyre manufacturers to route their products through Thailand, which subsequently increased imports in the Indian market. According to Rajiv Budhreja, Director General of the Automotive Tyre Manufacturers' Association (ATMA), import of tyres from China is a major factor for the domestic manufacturers. Following the US-China trade war tensions, China has been more aggressive in other markets to maintain the economy. Looking at statistics from last year, the import of truck/bus radial (TBR) tyres from Thailand stood at about 267,087 units, which accounts for 57% of the total imports, up from 126,666 units or 15% of the imports during 2017-2018.

- *rubberjournalasia.com*, 15 Aug

Rubber price guarantee to be implemented: Ministry

Agriculture and Cooperatives Minister Chalermchai Sri-on has proceeded with the implementation of an urgent price guarantee measure for grade 3 raw rubber sheets to be sold at Bt60 per kilogram to assist 1.43 million rubber farmers who have suffered losses in the past five years as a result of the falling prices of latex and rubber sheets.

- *nationthailand.com*, 15 Aug

Malaysia GDP grows 4.9% in 2Q19, driven by services, manufacturing

Malaysia's economy expanded 4.9% in the second quarter of 2019 (2Q19), after posting a growth of 4.5% during 1Q19, according to the Department of Statistics Malaysia. In a statement today, chief statistician Malaysia Datuk Seri Dr Mohd Uzir Mahidin said all sectors in the economy posted a positive growth, primarily supported by services and manufacturing sectors. "On the expenditure side, the growth was driven by the sustained performance in private final consumption expenditure and external trade," he said.

- *msn.com*, 16 Aug

Thailand plans USD10 billion stimulus to support economy

Thailand is planning a stimulus package worth USD10 billion that will include support for farmers and tourism, its finance minister said on Friday, in a move to shore up a flagging economy. Southeast Asia's second-largest economy expanded 2.8% in the first quarter, the weakest annual pace in more than four years, as exports - a key growth driver - have declined amid rising trade tensions and a strong baht. The government is targeting gross domestic product (GDP) growth of at least 3% this year and 3.5% next year, Kobsak Pootrakool, secretary of the economic cabinet, told reporters after the meeting to discuss the stimulus measures. Following discussions between economic and finance officials, the package was worth 316 billion THB (USD10.23 billion), Finance Minister Uttama Savanayana told reporters.

- *reuters.com*, 16 Aug

Media Release by IRCO

The Board of Directors (BoD) of the International Rubber Consortium (IRCO) consisting of representatives from met on 16 August 2019 in Bangkok, Thailand. Thailand, Indonesia and Malaysia (TIM) confirmed their commitment in completing the implementation of the 6th AETS as an effort to improve the well-being of smallholders through the improvement of natural rubber (NR) prices. One of the main issues discussed was the impact of Pestalotiopsis Disease (fungal disease) on rubber plantations in TIM especially in Indonesia and Peninsular Malaysia. Indonesian Government had made an announcement on 24 July 2019 that there will be at least 15% reduction of Indonesia's production in 2019. In view of prolonged trade tensions between US-China that would affect the global demand of NR, ITRC Member Countries have intensified efforts to increase the domestic consumption of rubber in infrastructure projects such as rubberised road, seismic and bridge bearings.

- *ircorubber.com*, 16 Aug

...Thailand's top producer cuts output

According to Von Bundit Co, the Thailand's largest rubber manufacturer and exporter announced on 17 August that they are cutting production of Ribbed Smoked Sheet (RSS) and the main products traded on TOCOM and Singapore's SICOM exchange are RSS rubber.

- *brecorder.com*, 19 Aug

More rubber use in transport projects

Economic ministers have approved the use of natural rubber for transport projects, especially road surfaces and guard rails, Transport Minister Saksayam Chidchob said. He said that the Transport Ministry proposed efforts to use local natural rubber for transport projects to the meeting of economic ministers that Prime Minister Prayut Chan-o-cha chaired at Government House on Friday. The prime minister also told the Transport Ministry to require that rubber make up 30% of the materials used in the projects, he said.

- *bangkokpost.com*, 19 Aug

Chinese tyre makers brace for the new normal

The first two months of 2019 saw an even sharper year-on-year (y-o-y) decline in the China market, Shen Jinrong, chairman and general manager of Zhongce Rubber, said during her speech at the China Rubber Conference held in Guangzhou in March.

According to data from the China Rubber Industry Association (CRIA), the country's tyre production fell by 0.8% year-on-year to 648 million units in 2018. Radial tyre production fell by 0.7% to 609 million. The U.S. and European Union (EU) anti-dumping tariffs also are casting heavy shadows as more than 40% of China's tyres are exported with the two markets accounting for a significant share, he added.

- *rubbernews.com*, 19 Aug

US: Markit Manufacturing PMI drops to 49.9 in August vs. 50.5 expected

According to the IHS Markit's Flash US PMI report, the Manufacturing PMI dropped below the 50 mark for the first time in nearly 10 years at 49.9 and missed the market expectation of 50.5. With the initial market reaction. Further details of the report revealed that the Services PMI in the same period slumped to 50.9 from 53 in July and fell short of analysts' estimate of 52.8. Commenting on the data, "August's survey data provides a clear signal that economic growth has continued to soften in the third quarter," said Tim Moore, Economics Associate Director at the IHS Markit.

- *fxstreet.com*, 23 Aug

Trump heaps another 5% tariff on Chinese goods in latest tit-for-tat escalation

U.S. President Donald Trump on 23 August lashed back at a new round of Chinese tariffs by heaping an additional 5% duty on some \$550 billion in targeted Chinese goods in the latest tit-for-tat trade war escalation by the world's two largest economies. Trump's move, announced on Twitter, came hours after China unveiled retaliatory tariffs on \$75 billion worth of U.S. goods, prompting the president earlier in the day to demand U.S. companies move their operations out of China.

- *reuters.com*, 24 Aug

China's yuan sinks to 11-year low as investors flee trade war risk

China's currency on Aug 26 slid to its lowest point in more than 11 years as concerns over the US trade war and the potential for global recession weighed on markets. The onshore yuan was around 7.1425 to the US dollar in late morning Asian trading, its weakest point since early 2008, but slightly off lows reached earlier in the day. Global economic tensions have intensified in recent days with the US and China raising tariffs on each other's imports, and President Donald Trump calling on US businesses to pull out of China.

- *straitstimes.com*, 26 Aug

China cuts synthetic rubber imports; advances new materials

The trend is beginning just as the country is stepping up its research and development efforts within the synthetic rubber sector, and working to establish itself as a leader in technology and materials. These combined efforts have led to increased production and, ultimately, larger export volumes. It's a shift that seems to indicate a turning point for the domestic rubber industry, according to the China Rubber Industry Association (CRIA). China's synthetic rubber (SR) imports fell by 10.4% to 1.2 million metric tonnes in 2018, while exports rose by 9% to 153,000 tonnes, marking the reversal of a trend that had been building for several years. China, last year, also stepped up its SR production, increasing it by about 3% to 3.7 million tonnes, compared to 2017. Consumption throughout the country reached 4.9 million tonnes last year.

- *rubbernews.com*, 26 Aug

Toyo Tire pumps up production in Malaysia under global strategy

Japan's Toyo Tire Corp. will beef up its annual output capabilities in Malaysia by 48% to 7.4 million units, as part of a global strategy to promote overseas production. Toyo Tire said its local subsidiary, Toyo Tyre Malaysia Sdn. Bhd., recently built a plant in Taiping at the Kamunting Raya industrial park in the western state of Perak. The plant will start operations in October with initial annual production capacity of 2.4 million tires. Toyo Tire's total output capacity in Malaysia is currently 5 million units. The Japanese firm will invest as much as 21 billion yen (\$200 million) and hire about 450 employees under its expansion project in Malaysia, a Toyo Tire spokesman told NNA last week.

- *factiva.com*, 27 Aug

U.S., China ramp up tariff war

Auto parts makers and other business interests are doing their best to monitor the ever-fluctuating trade situation between the U.S. and China, especially in light of an unexpected new round of tariff hikes. On 15th December, China's tariffs on vehicles and vehicle parts will increase from 5% to 25%, the Chinese government said.

Among other products, the U.S. tariffs on Chinese goods cover virtually every type of tire as well as an enormous range of rubber automotive and industrial parts, rubber chemicals, and natural and synthetic rubbers (SR). "This is obviously an evolving situation," said a spokeswoman for the Motor & Equipment Manufacturers Association (MEMA) on 26th August. "All we really have to say at the moment is that MEMA has repeatedly called for China and the U.S. to work together to reach a trade agreement that works for both countries."

- *rubbernews.com*, 28 Aug

Investors have set their eyes on Thailand as the trade war deepens, says CEO

Investors have set their eyes on "seriously looking at Thailand" as the U.S.-China trade war ramps up, according to the president and CEO of U.S.-ASEAN Business Council, Alexander Feldman. Vietnam has frequently been cited as one of the largest beneficiaries in the trade war as companies shift their production out of China to avoid tariffs. However, Vietnam's labor market is tightening, and businesses are now looking to move manufacturing into other Asian countries instead and that includes Thailand, Feldman told CNBC.

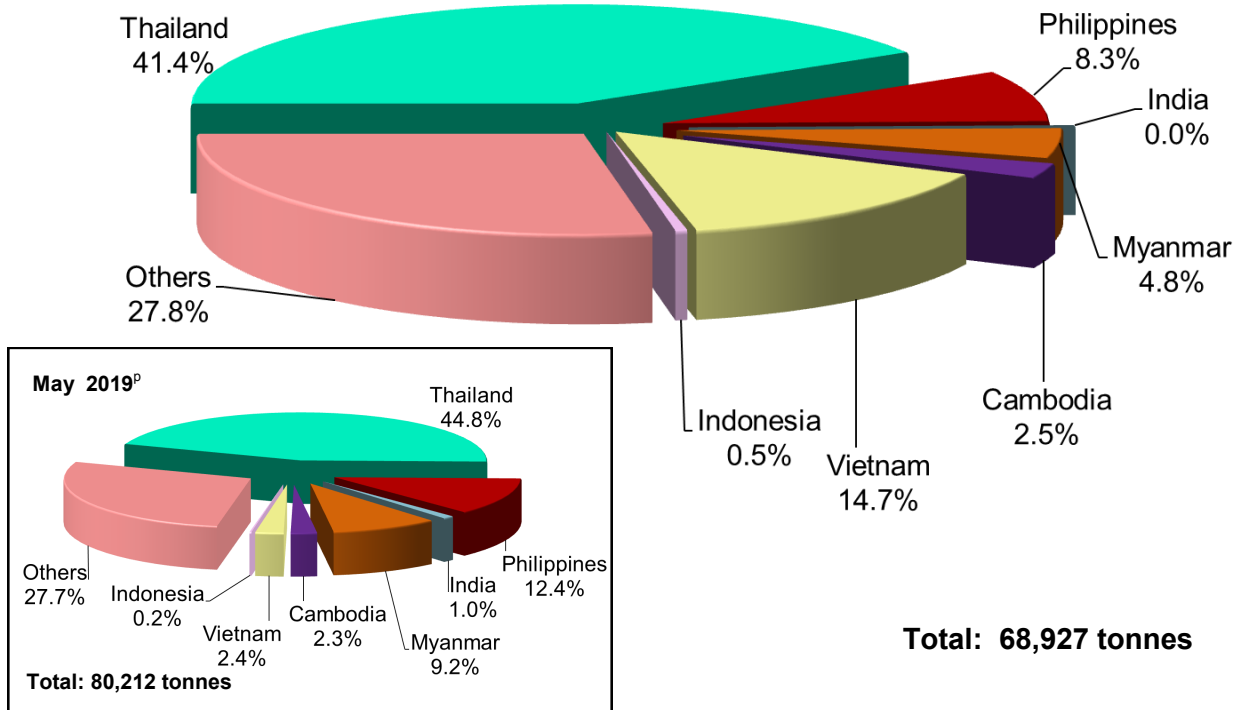
- *cnbc.com*, 28 Aug

Global tyre machinery market to grow by USD880 million by 2027

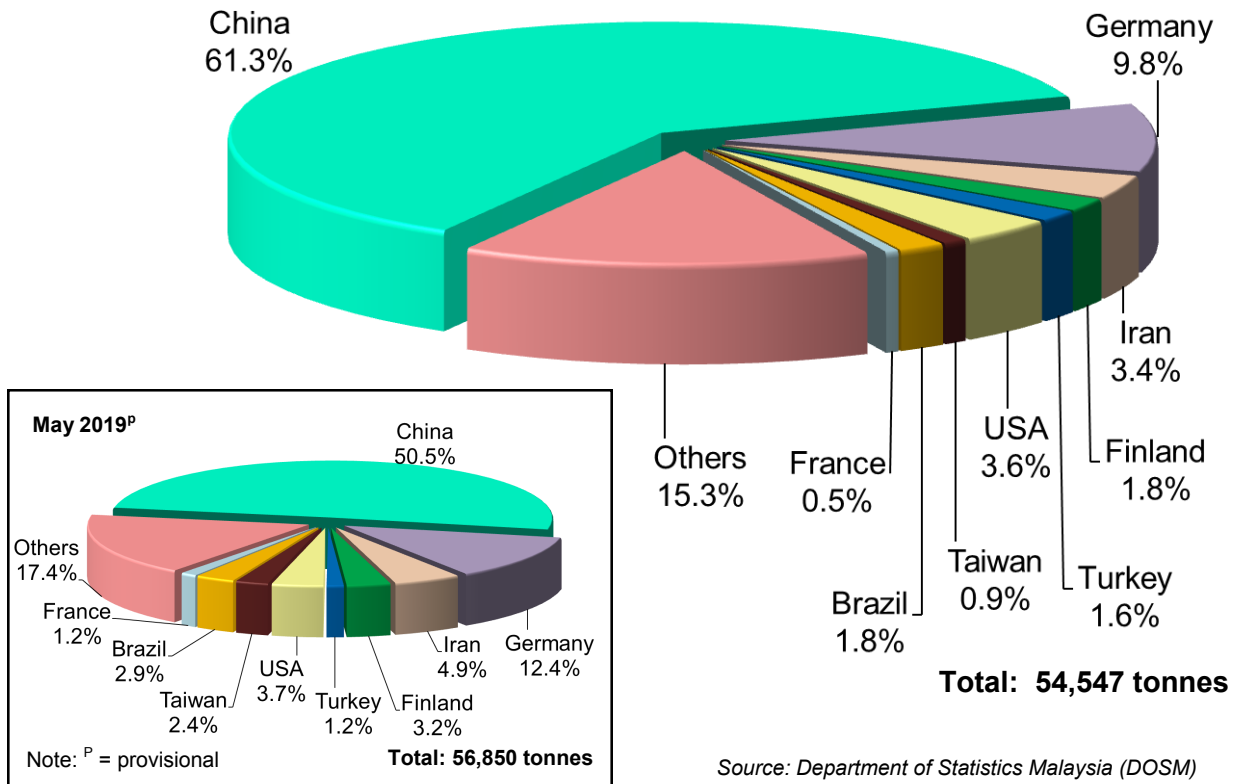
The global tyre machinery market covers numerous equipment for making radial/bias tyres for various commercial and industrial vehicles the segment is projected for a global expansion at a compound annual growth rate (CAGR) of 4%, or some USD880 million, by 2027. Many factors will facilitate this boom, namely the increasing government support and networks of public transport across Asia Pacific due to a surge in population

- *rubberjournalasia.com*, 29 Aug

Malaysia's NR Imports by Countries, June 2019^P

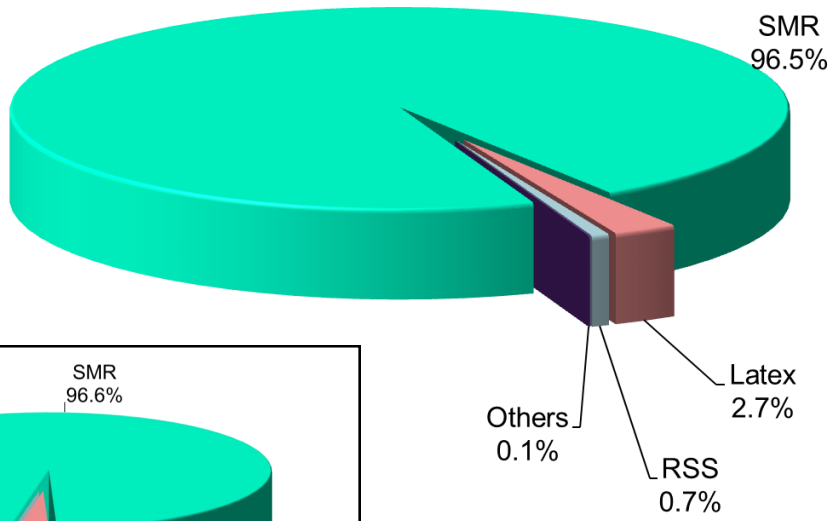


Malaysia's NR Exports by Countries, June 2019^P

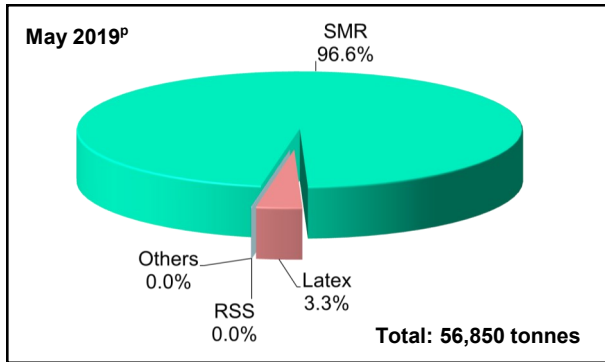


Source: Department of Statistics Malaysia (DOSM)

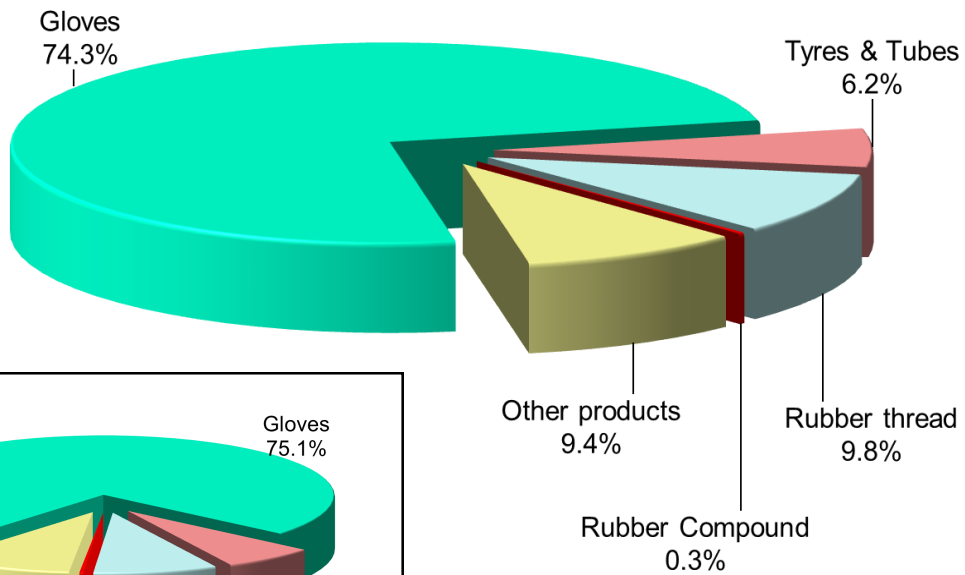
Malaysia's NR Exports by Types, June 2019^P



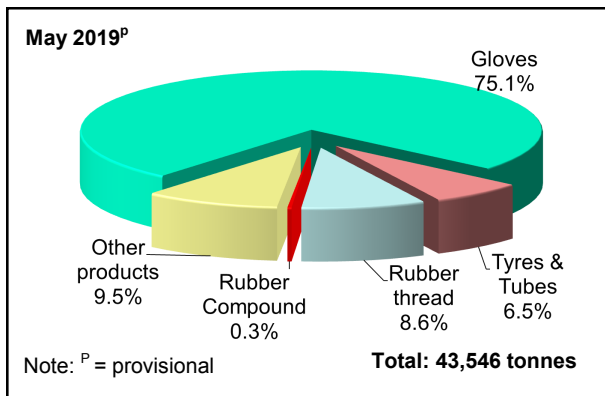
Total: 54,547 tonnes



Malaysia's NR Consumption by Sectors, June 2019^P



Total: 38,791 tonnes



Source: Department of Statistics Malaysia (DOSM)