



MALYSIAN RUBBER BOARD

D I G E S T

A monthly publication of the Malaysian Rubber Board

2008
APRIL

Natural Rubber market review

April

The Kuala Lumpur rubber market ruled firm as fundamentals remain bullish due to worries over tight supplies, demand from tyre manufacturers and high crude oil prices. This prompted prices to remain steady, inching higher towards the end of the month. Compared with levels on 31 March, the price of SMR 20 gained RM140 per tonne or 1.7% to close at RM8,500 per tonne whilst latex concentrate fell marginally by RM15 per tonne or 0.2% to close at RM5,820 per tonne. The price movements of selected grades of rubber in April are shown in **Table 1**.

Prices during the month were supported by limited supply due to wintering in Southern Thailand and Peninsular Malaysia and the rainy season in Indonesia. Chinese buyers were making enquiries for nearbys due to the prevailing wintering season while major

buyers from Europe and Japan were in the market to support prices. The market was also influenced by the bullish tone in the Tokyo market. The Tokyo rubber futures was volatile due to fluctuations in oil futures which hit USD119.93 a barrel on renewed supply fears in Nigeria and the North Sea. The market was also supported by low rubber inventories in warehouses monitored by the Shanghai Futures Exchange which fell during the month as Chinese tyre manufacturers were reported sourcing locally due to cheaper domestic prices.

Meanwhile, reports from the Statistics Department of Malaysia that production of NR for the month of February 2008 recorded a decline boosted the market sentiment. It was reported that NR output in February 2008 was 7.2% lower than that of January and 7.4% lower than that of the same month last year. During the month, a few transactions of SMR 20 and latex concentrate had been done at RM8,465 per tonne and RM5,820 per tonne, respectively,

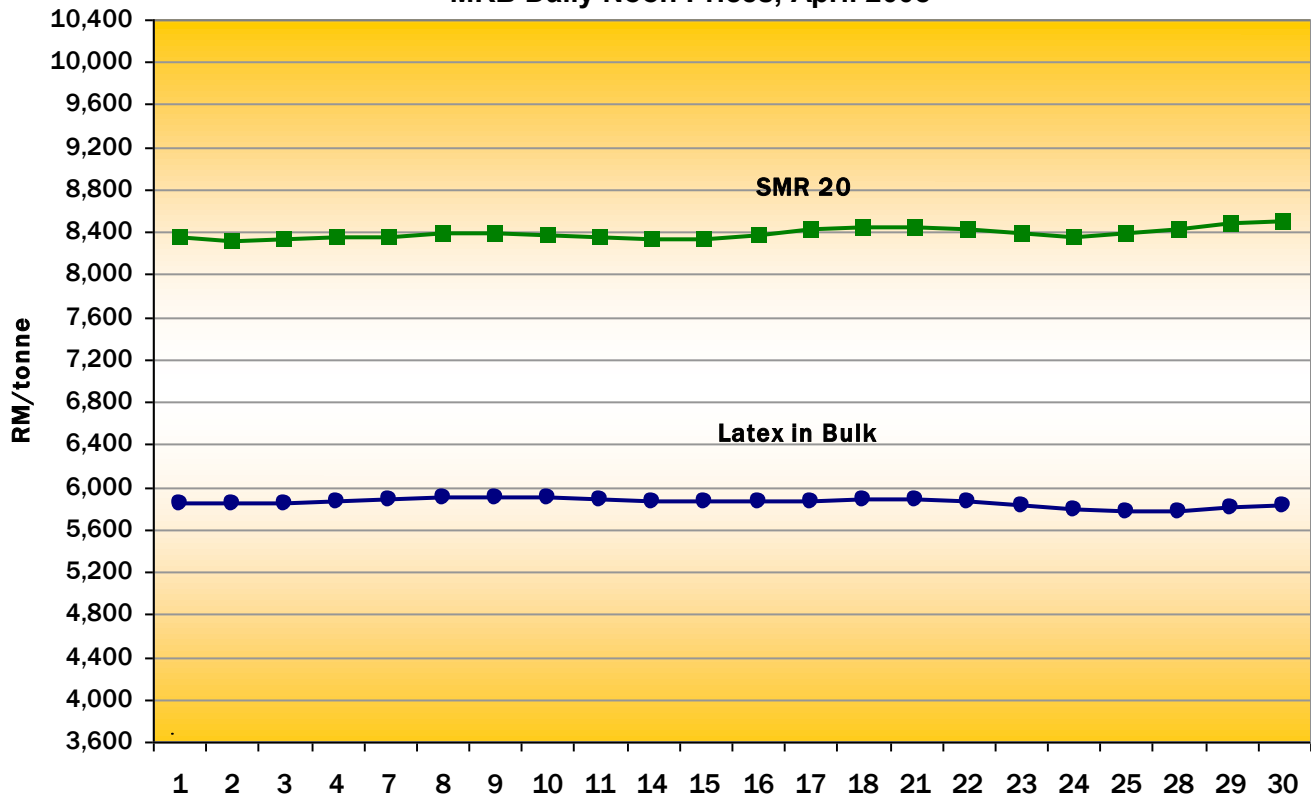
Table 1: Prices of SMR CV, SMR 20 and Latex Concentrate, April 2008 (RM/tonne)

	SMR CV	SMR 20	Latex Concentrate
Highest	9,630.00	8,500.00	5,905.00
Lowest	9,525.00	8,310.00	5,770.00
Average	8,548.77	8,383.41	5,849.32
Change from the last day of the previous month	70.00	140.00	-15.00

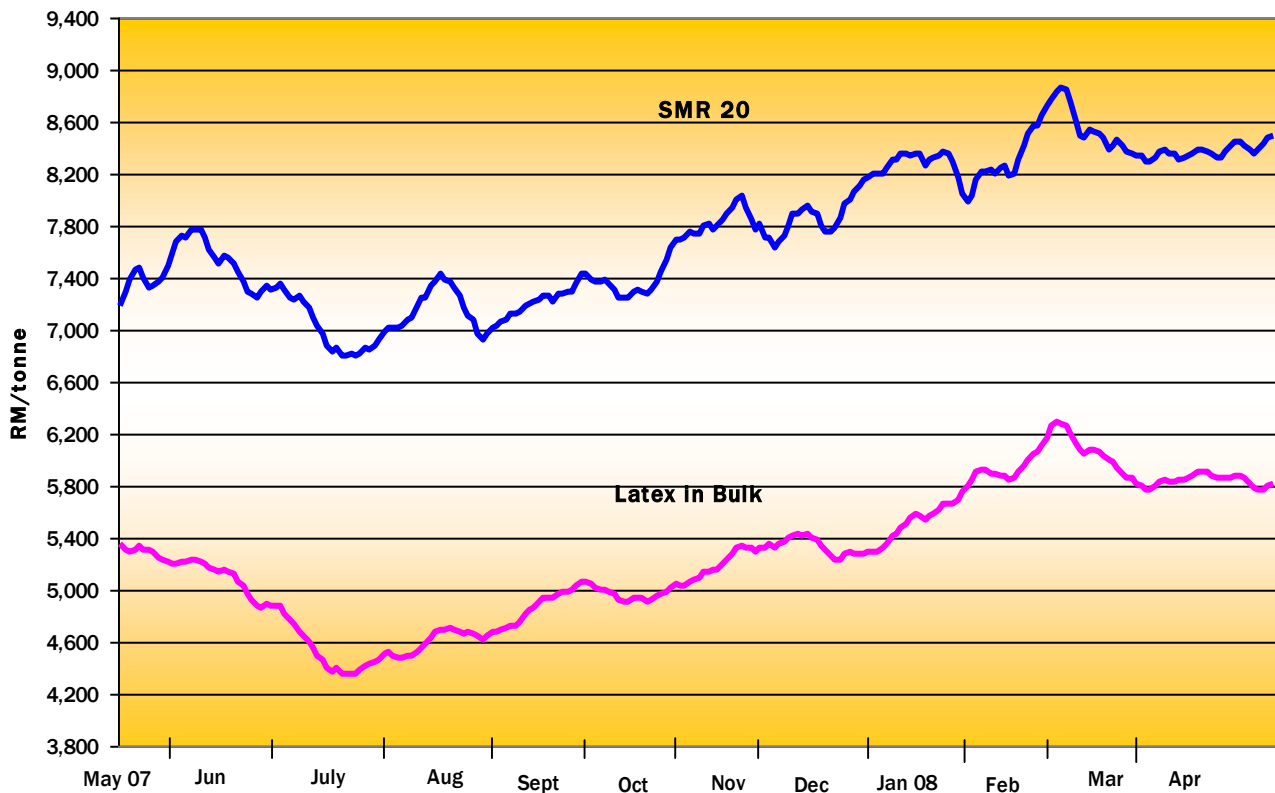
Note: * Official price of latex concentrate in bulk, 60% drc

Source: Malaysian Rubber Board

MRB Daily Noon Prices, April 2008



SMR 20 and Latex (in Bulk,60% DRC) Noon Prices
(03/05/2007-30/04/2008)



for May delivery to Europe.

Outlook

Market fundamentals remain strong on continued shortage of raw materials in the region. Prices in the Kuala Lumpur rubber market are expected to stay firm owing to demand from major tyre manufacturers from Japan and China and high crude oil prices.

News Brief

Malaysia sees rubber output rising 17% in 5 years

Malaysia, the world's third largest natural rubber producer, expects its rubber output to increase by 17% in five years because of output from new plantations.

Malaysia's rubber output has been about 1.2 million tonnes in recent years due to a lack of mass replanting in the past and as growers switched to palm oil.

Rising rubber prices have encouraged smallholders in rubber-producing countries in Southeast Asia, including Malaysia, to increase tapping and replanting activity.

-factiva.com, 25 Apr

Thailand sees rising rubber output despite weather

Thailand's rubber production may rise 4.8% to 3.25 million tonnes in 2009 despite erratic weather and separatist violence in the country's southern provinces.

In 2010, production should be above 3.3 million tonnes because of new plants.

The production is expected to reach 3.1 million tonnes in 2008. They hope but it depends on the weather.

Thailand, the world's largest producer, made 3.0 million tonnes of rubber in 2007, according to the Agriculture Ministry.

Thailand has seen rubber acreage grow 26% between 1997 and 2006. It has also opened new plantations, mostly in the northeast, which are expected to start production in a few years.

Thailand have areas increasing in the northeast and the east but in the south, they are decreasing year by year because of a shortage in labour.

Thailand mainly exports rubber to China, which is the world's largest consumer. Rubber is used in making tyres, gloves and condoms.

Thailand's rubber exports could increase to 2.95 million tonnes in 2008, up only slightly from the 2.90 million tonnes estimated in 2007 because of an increase in domestic consumption and as local tyre makers boosted output.

Domestic consumption was about 350,000 tonnes in 2007 and forecast, this year's should be about 400,000 tonnes.

-factiva.com, 18 Apr

Indonesia rubber export to China jumps 63%

Indonesia's rubber export to China surged 63.7% in two months ending February 2008 from the same period last year, taking advantage of supply disruptions from Thailand and Malaysia.

Over the periods, rubber export to China rose to 56,190 tonnes from 34,325 tonnes, reported leading economic Daily Bisnis Indonesia, citing data from the Indonesian Rubber Companies Association (Gapkindo).

Unlike the two neighbors, Indonesia has plenty of rubber plantations on the southern side across the equator with longer productive season.

When production in Thailand and Malaysia was disrupted by the falling season, Indonesia was able to optimize deliveries to China.

According to the Central Statistics Agency (BPS), the value of raw rubber and rubber-based product exports to all destinations increased to \$1.21 billion in the first two months of 2008 from \$854.3 million in the same period last year.

-factiva.com, 3 Apr

Top Glove ups output

Top Glove Corp Bhd will allocate RM100 million in capital expenditure this year, focusing on expanding production in Malaysia and new acquisitions.

The company would increase production in Malaysia via the setting up of Factory 20 in Klang instead of improving production at its overseas factories in Thailand and China.

Top Glove can be more efficient by improving quality and controlling cost at its domestic operations, given the depreciation of the US dollar, escalating price of raw materials and higher labour cost in China.

To protect from the fluctuation of the US dollar, they will start to price their gloves in euro for European customers and gradually implement it in other markets.

The group was open to new acquisitions, particularly those inefficient glove makers with low volumes which had problems coping with higher operational costs.

-The Star, 8 Apr

Hartalega may buy US European distributors

Malaysia's biggest nitrile glove maker Hartalega Holdings Bhd may buy distributors in the US or Europe to strengthen its grip on the markets there.

Unlike other glove makers in Malaysia, Hartalega makes more nitrile gloves than natural rubber gloves. Annually, it makes 22 billion pieces of nitrile gloves, which are made from crude oil.

They may buy companies that have good customer base in the markets where they are not already in.

They would take up stakes in distributors in the US or Europe.

Currently, Hartalega is considered small as its annual production capacity is only 3.2 billion pieces.

This is roughly one tenth the size of the world's biggest glove maker Top Glove Corp Bhd, which is capable of producing 29.7 billion pieces a year.

Hartalega's factories in Batang Berjuntai, Selangor, consist of 23 double-mounted and highly-automated production lines that churn out 22 billion nitrile gloves and one billion latex gloves.

Hartalega has forecast a net profit of RM 55.46 million for the year ending March 31 2009, a 40% jump from 2008.

It also forecasts RM 283.2 million revenue in 2009, a 30% rise.

-New Straits Times, 9 Apr

Indonesian rubber factories on brink of collapse

Rubber processing plants in the Indonesian province of West Kalimantan are now on the brink of collapse because of difficulties in meeting purchase contracts signed three months ago as the result of limited raw materials from the farmers.

West Kalimantan now has 15 rubber processing factories with a capacity of 400,000 tonnes, but the province's rubber production reached not more than 180 thousand tonnes, leaving a significant shortage.

This condition was, among others, caused by an increase in the number of rubber processing plants, while rubber production has yet to be raised.

Another reason was the fact that rainfall in the province over the last couple of months was quite high, causing rubber production to drop by 20 per cent.

The inadequate initial processing by the farmers also caused an added burden on the factories due to cost increases incurred in improving the quality of the rubber basic materials from 60% to a 100% dried rubber.

-factiva.com, 15 Apr

China's Vehicles Sales in Robust Growth in First Quarter

China's output and sales of motor vehicles exceeded 2.50 million units in the first quarter of this year, higher than the expectation, according to statistics from the China Association of Auto Manufacturers (CAAM).

Comparing with the same period of last year, growth of vehicle output slowed down in the first quarter, while sales remained stable.

The country sold 2.578 million vehicles in January to March, rising 21.42% year on year, including 1.056 million units sold in March. The sales ratio in March stood at 101.83 per cent.

Sales of passenger vehicle (mainly referring to cars, MPVs and SUVs) reached 700,500 units in March, and sales of commercial vehicle (mainly referring to trucks and buses) were at 356,100 units. Both hit new records.

Sales of passenger vehicle were at 1.851 million units in the first quarter, jumping 20.41% year on year.

Sales of commercial vehicle amounted to 727,600 units in the first quarter, rising 24.06% year on year.

-factiva.com, 15 Apr

Michelin China to increase price for car and light truck replacement tyres

Due to the strong rise of raw material costs, Michelin (China) Investment Co. Ltd. announced Wednesday they will increase the prices of passenger car and light truck replacement tyres from 3% to 7% depending on its different brands (Michelin, Warrior, BF Goodrich) and product ranges. This price increase will be effective in June.

-factiva.com, 9 May

Vietnam: Rubber exports reach \$300 million

Rubber exports totaled US\$300 million in the first quarter of the year, with an export volume of

130,000 tonnes, according to the Ministry of Agriculture and Rural Development.

The export value represented a rise of 25% over the same period last year, with high demand and rising latex prices on the world market pushing up export value.

Prices in January spiked to VND41 million (\$2,500) per tonne, called "the highest ever" by Vietnam Rubber Association (VRA) Chairman Le Quang Thung.

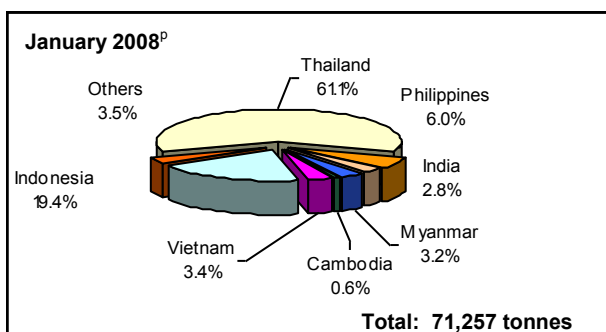
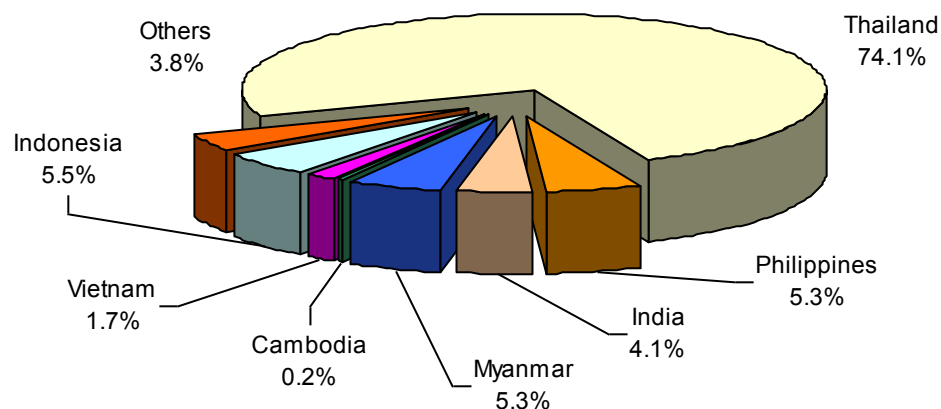
"Production is expected to gradually increase beginning at the end of this month," said Thuy.

Rubber exports were expected to earn around \$1.5 billion this year, an increase of 0.7 per cent over last year, Thung said. Rubber was likely to fetch an average price of \$2,250 per tonne in 2008.

In order to accelerate exports, he said the VRA would support enterprises in enhancing product quality, registering for brand protection, and implementing trade promotion programmes.

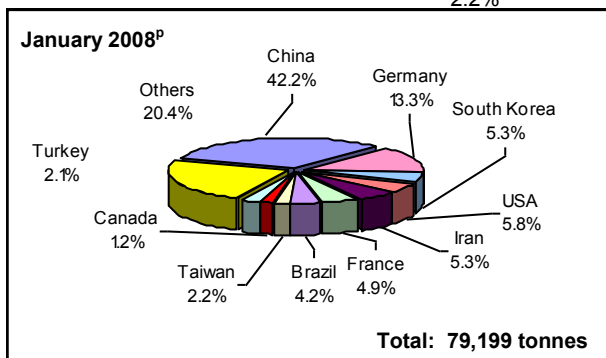
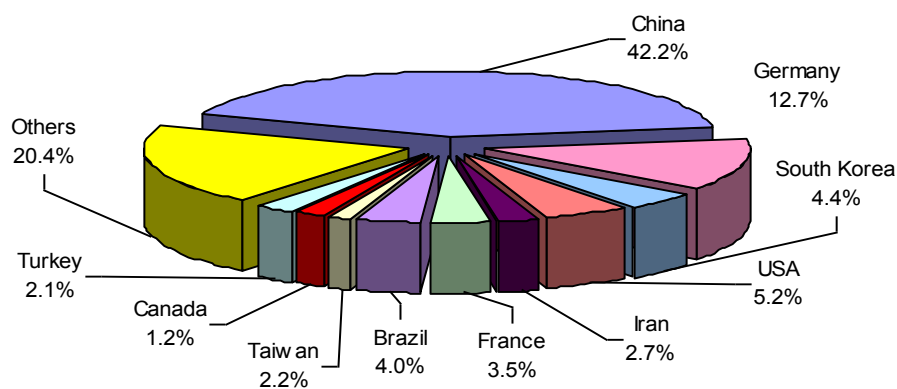
-factiva.com, 11 Apr

Malaysia's NR imports by countries February 2008^P



Total: 48,627 tonnes

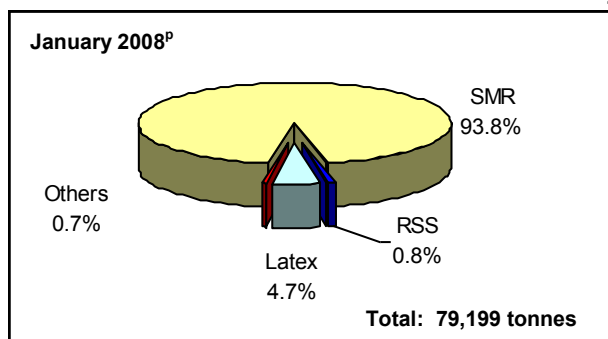
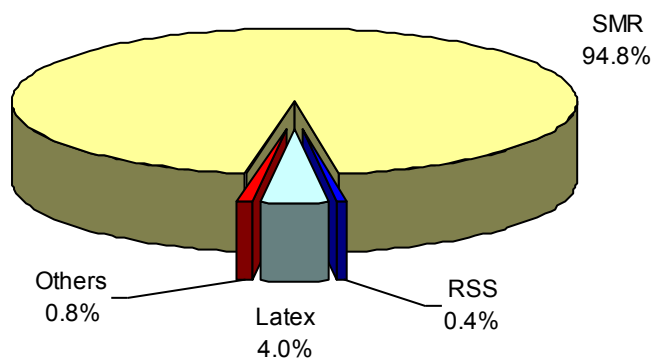
Malaysia's NR exports by countries February 2008^P



Total: 83,274 tonnes

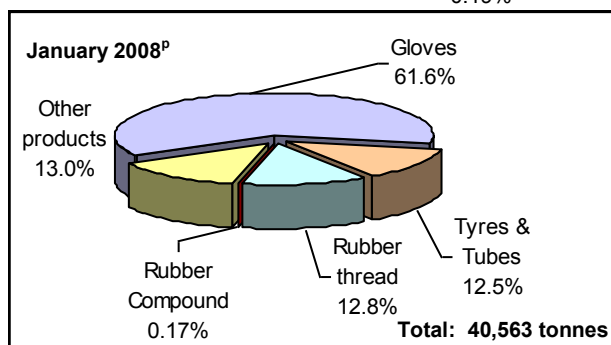
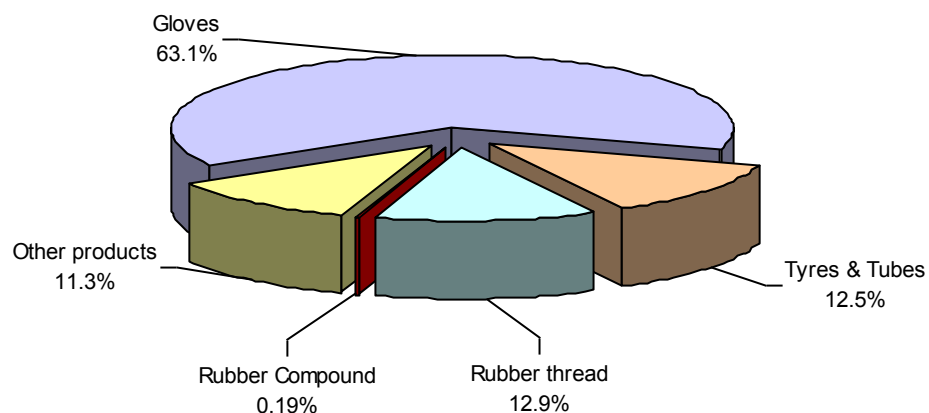
Note: ^P = provisional

Malaysia's NR exports by types February 2008^P



Total: 83,274 tonnes

Malaysia's NR consumption by sectors February 2008^P



Total: 37,714 tonnes

Note: ^P = provisional

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