

Thailand to Review Rubber Purchases When Program Ends in March

Thailand, the world's biggest rubber producer, will review a program to support prices by purchasing the commodity from farmers when it expires at the end of March, said Deputy Farm Minister Yuttapong Charasathien. "Prices have stabilized, while supplies in Thailand are limited," said Yuttapong by phone today. The government has 20 billion baht (\$699 million) left in the budget allocated for the program, after buying 198,000 metric tons since last year, and has no immediate plans to sell its stockpiles, he said. Rubber traded in Tokyo slumped today by the most in more than three months on speculation the country may end the program, boosting shipments. Futures rallied 15 percent last year on prospects of increasing demand as China and the U.S. recover and as Thailand, Indonesia and Malaysia, the top suppliers, agreed to cut exports by a combined 300,000 tons. "This is a bearish factor," said Kazunori Kokubo, managing director at Yutaka Shoji Singapore Pte, referring to the possibility that Thailand may terminate the purchases. The country introduced the program in May, allocating a total budget of 45 billion baht to state agencies and farmer cooperatives to buy rubber from farmers at above-market prices. Rubber for delivery in July tumbled 3 percent to settle at 314.6 yen a kilogram (\$3,361 a ton) on the Tokyo Commodity Exchange, the largest loss at close for the most-active contract since Nov. 5. Bloomberg