

## **Thailand approves additional budget for buying rubber**

BANGKOK: Thailand continued to intervene in the rubber market although prices have rebounded due largely to the prospect of rising demand after the Federal Reserve launched a new stimulus programme for the US economy, dealers said.

The Thai government approved an additional budget of up to 30 billion baht (US\$974.34mil) to stockpile rubber from farmers in a bid to shore up prices.

Prices, which have already rebounded since Friday, when the Fed launched its new stimulus plan, were expected to increase slightly on rising demand, traders said.

The Fed said it would buy US\$40bil worth of mortgage debt a month until the US jobs market improved, reviving the appeal of risky assets that had suffered for months from uncertainty on the global economic outlook.

Tokyo rubber futures prices, which set the global trend, rose to 259.5 yen per kg yesterday, the highest since July 4, on the back of the Fed's stimulus move and the Thai intervention, dealers said.

On the physical front, prices were expected to remain strong, they aid.

Besides Thai government purchases, demand from overseas markets was expected to rise as China, the world's biggest rubber buyer, was likely to step in ahead of the week-long holiday in October.

"Chinese buyers are asking around. They want to seal deals ahead of the National Holiday and that would help support prices over the next few weeks," said a Singapore-based trader.

Offer prices for benchmark grade Thai rubber sheet (RSS3) rose by around 35% to US\$3.20US\$3.25 per kg yesterday, up from this year's low of around US\$2.75 per kg, on the back of the government's intervention and demand. It was traded at US\$3.18 per kg, traders said.

"Major tyre makers resumed buying as they thought that the downward trend would end and prices could rise higher after QE3," said a Singapore-based trader. – Reuters