

## **Shanghai rubber stocks double**

Rubber inventories in key Shanghai warehouses doubled from a month ago to reach its highest in over a year, as poor physical demand led producers in top consumer China to trade more on the futures market and take advantage of higher prices. Poor demand from automakers and strong imports, which rose 15 percent in the first seven months of the year from 2011, have also led rubber stocks at bonded warehouses to climb to around 250,000 tonnes, the highest since 2009, analysts said on Friday. The bulging rubber stocks, along with climbing inventories of steel and iron ore, add to evidence of China's slowing economy and its weaker appetite for raw materials. Rubber stocks monitored by the Shanghai Futures Exchange rose for the fifth straight week and climbed 13.5 percent from a week ago to 38,257 tonnes, data from the exchange showed. Stocks are now at their highest since March this year and compared with inventories of just 19,140 tonnes in the week to August 3. The spike in SHFE's rubber stocks was due to increased trading activities on the exchange. "Producers think futures prices are more attractive than sluggish cash prices," said Ni Zhenhua, an analyst with Guohai Liangshi Futures. Ni said bonded stocks have climbed as falling international prices, which have shed a third of their value since March, led traders to import more as they sought to lower the overall average cost of their stocks. The most-active January rubber contract, which has dropped 26 percent since March, traded between 22,515 yuan (\$3,500) per tonne and 21,440 yuan in the past week. Spot prices are between 21,500-22,500 yuan on Friday, according to industry portal [www.yunken.com](http://www.yunken.com). Weekly trade volumes for the most-active rubber futures contract has risen to average at around 3 million since mid-August, compared to around 2.7 million tonnes in the first two weeks of last month.