

Rubber Inventory in Qingdao Rises to Record on Surging Imports

Rubber inventory in Qingdao, China's main hub for the commodity, rose to a record this month, as imports gained while demand remained tepid amid slowing economic growth. Stockpiles in the bonded zone, where traders store deliveries before paying duties, climbed to 371,100 metric tons at the end of this month from 366,900 tons on April 15, Cai Zhiwei, general manager at the Qingdao International Rubber Exchange Market, said in an interview. China accounts for 33 percent of global demand and tires represent 70 percent of natural-rubber consumption in the country, he said. Rubber slumped into a bear market on April 1 as expanding stockpiles in China signaled easing demand from the world's largest consumer. The country's weaker-than-estimated manufacturing and gross economic product prompted banks including Goldman Sachs Group Inc. to cut full-year forecasts. "Inventory keeps rising, increasing supply pressure, which is particularly painful at a time when data showed economic recovery has been less robust than we expected," Yan Xinbing, analyst at Orient Futures Co., said by phone from Beijing. "Inventory is set to remain at a historic high as production from Southeast Asia and China's southwest will pick up." Qingdao is in Shandong province, where about half of China's tire output is from, according to data compiled by Sri Trang Agro-Industry Pcl, Thailand's largest publicly traded rubber exporter. Rubber for delivery in October traded on Tokyo Commodity Exchange closed at 257.1 yen a kilogram (\$2,604 a ton). The contract for September delivery traded on the Shanghai Futures Exchange ended at 19,080 yuan (\$3,094) a ton. Global inventories are set to climb to 2.17 million tons in 2014, the highest in 13 years, as production exceeds consumption through next year, London-based industry adviser The Rubber Economist said earlier this month. Deliverable stocks of natural rubber jumped 24 percent this year to 121,936 tons on the Shanghai exchange, the highest level since February 2010, bourse data showed. Bloomberg