

Rubber Market Poised For Third Surplus In 2013, RCMA Forecasts

Global natural-rubber supply will exceed demand for a third straight year in 2013 and the price of the commodity used to make tires and gloves is set to extend declines, according to RCMA Commodities Asia Group. Production will exceed usage by 299,000 metric tons in 2013, compared with a surplus of 321,000 tons estimated for this year and 4,000 tons in 2011, the Singapore-based trading company said in a presentation e-mailed to Bloomberg. Global stockpiles may gain 26 percent to 1.57 million tons this year, it showed. Rubber fell to the lowest level since 2009 yesterday amid lower consumption in China, the largest user, and Europe. Demand in China may drop 5 percent this year as slumping truck sales cut heavy-duty tire sales, Hangzhou Zhongce Rubber Co., the country's biggest maker, said last month. Lower prices will hurt growers in Thailand, Indonesia and Malaysia, the three largest producers, while aiding tiremakers such as Bridgestone Corp. (5108)

"We're still seeing a slowdown in demand in Europe and China, and good supply, resulting in a buildup of stocks," Chief Executive Officer Chris Pardey said in a phone and e-mail interview. Prices should decline to stimulate demand or reduce supply, Pardey said, without giving a precise figure. Rubber lost 3.5 percent to close at 219.2 yen per kilogram (\$2,795 per ton) on the Tokyo Commodity Exchange yesterday, the lowest finish since October 2009. Over the past year, the most-active price has plunged 41 percent as crude oil in New York advanced 15 percent, and the Standard & Poor's GSCI Spot Index, which tracks raw materials, climbed 5.5 percent. Higher Output Global production is expected to climb to 11.9 million tons in 2013 from 11.47 million tons this year, according to the presentation, with first-half increases seen in Thailand, Malaysia, Indonesia, Vietnam and India. World demand may rise to 11.6 million tons in 2013 from 11.15 million tons this year. Slower economic growth in China, the world's second-largest economy, and the debt crisis in Europe have slowed demand for industrial commodities. Sales of trucks in China fell 7 percent in the first six months of 2012, according to data from the China Association of Automobile Manufacturers. Demand in China may contract 0.7 percent to 3.75 million tons this year, before rebounding 4.1 percent in 2013, according to the presentation. European usage may drop 5.3 percent to 1.4 million tons in 2012, and expand 2.9 percent in 2013, it showed.