Thailand to offer loans to rubber exporters to push prices

Tokyo rubber futures prices, which set the global trend, fell more than three per cent to a five-month low of 242.6 yen a kg on ThursdayThailand, the world's biggest rubber producer and exporter, is planning to offer loans to exporters to buy the commodity in a bid to shore up falling prices, a senior government official said.Rubber is a politically sensitive commodity in Thailand, where it provides a livelihood for around 1.3 million smallholders, mostly poor farmers who form a significant vote-bank for the government.The move would help absorb rising rubber supply from the market at a time farmers are due to resume tapping trees for the commodity after a one-month break during the dry season in April."This will help prevent prices from falling when supply is rising," the official, who is a member of the National Rubber Committee (NRC), said, asking not to be identified. He said the NRC will meet soon to formulate a plan. "The measure is likely to be submitted to the cabinet for approval and be implemented by May," the official added. The government has discontinued a $1.6 billion rubber-buying scheme as of end-March, and the comments by the official mean the scheme could be making a comeback, albeit in a different form.In another move to support prices, Thailand also decided to cut exports for another two months after a scheme agreed with Indonesia and Malaysia expired at the end of March.Traders and industry officials estimate the government to hold around 200,000 tonnes of rubber stocks.Tokyo (Tocom) rubber futures prices, which set the global trend, fell more than three per cent to a five-month low of 242.6 yen a kg on Thursday on fears about falling demand amid weak global economic outlook. Falling Tocom prices pulled Asian physical rubber prices down on Thursday, with the benchmark Thai smoked rubber sheet (RSS-3) being offered at $2.70 a kg, far below the record high of $6.40 a kg in February 2012.Business Standard