

## Rubber Inventory at China's Qingdao Port Slips From Record Level

Rubber inventory in Qingdao, China's main hub for the commodity used to make tires, fell from a record as users drew down stocks amid a season lull in supply from Southeast Asia. Stockpiles in the bonded zone, where traders store deliveries before paying duties, fell to 363,300 metric tons, from the record 371,100 tons on April 26, Cai Zhiwei, general manager at the Qingdao International Rubber Exchange Market, said in an interview today. China accounts for 33 percent of global demand and tires represent 70 percent of natural-rubber consumption in the country, according to exchange's estimate. Benchmark rubber futures traded in Tokyo neared a bull market this week, a month after slumping into bear territory as Japan's currency weakened and seasonal demand from China picked up. The low production period, or so-called wintering season, normally ends in May in Thailand, the world's largest producer and exporter. "The inventory draw-down is in line with the seasonal pattern, and doesn't seem to be significant enough to indicate a turnaround in supply and demand," Zhao Zhong, an analyst at China Cifco Futures Co., said by phone from Chongqing today. "We may see Qingdao inventory rise again when wintering finishes and supply comes on stream again from the Southeast Asia." Qingdao is in Shandong province, the source of about half of China's tire output, according to data compiled by Sri Trang Agro-Industry Pcl (STA), Thailand's largest publicly traded rubber exporter. Rubber for delivery in October traded on Tokyo Commodity Exchange lost 1.7 percent today to settle at 282.7 yen a kilogram (\$2,759 a metric ton). The contract for September delivery traded on the Shanghai Futures Exchange fell 2 percent to 19,875 yuan (\$3,234) a ton, extending its slump this year to 25 percent. Deliverable stocks of natural rubber jumped 23 percent this year to 121,090 tons on the Shanghai exchange, near the highest level since February 2010, bourse data showed. Bloomberg