

## Shanghai rubber “into retreat”

Currently, rubber 1305 contract has continued to adjust a week, but Shanghai rubber bullish factors in the stage of self-reinforcing negative factors in the self-cut stage, expected Shanghai rubber “will continue into the three-retreat-style rose.

The visible hand Intervention under tight supply and demand. Rubber yield years, If you consider only the invisible hand of the market, the rubber still keep loose pattern of supply and demand, but the main rubber producing countries by purchasing and storage affect the supply of at least 30 tons of the planned renovation of rubber plantation supply of 150,000 tons; rubber consuming countries affected at least 15 million tons of supply by purchasing and storage. Therefore, this year, the world will have a supply of 450,000 tons of rubber in government hands, there will be 15 million tons of rubber supply disappeared with the refurbishment of the rubber plantation. I believe that, under the influence of the visible hand of government, the rubber market supply and demand will remain tight, the strong side of fundamentals will rubber uplink power.

Inventory growth is a spent force. Currently, the rubber market deepening negative factors is the growth of the stock. As of January 11, the last period of the rubber stock of 101,500 tons, warehouse receipts, 65,700 tons, which is the second highest in the past five years. I analyzed both from the supply and demand patterns and seasonal rubber inventory growth has to run out of steam, first of all, the root cause of the inventory growth is excess supply downstream consumer, but the the rubber tight supply and demand this year, the growth of the automobile industry will pull the downstream replacement tires and wife tire needs, thus increasing the consumption of rubber, the stock continued growth momentum has ceased to exist. Secondly, the rubber supply and changes in inventories has a strong seasonal pattern, Qingdao Free Trade Zone inventory usually in March peak, while the inventory of the previous period are more peaked in January, continued to drop in May, now is the stock began to see the top of the point in time. So take the rubber inventories increased that something is not rational.

Short, tight supply and demand pattern for rising rubber fundamental impetus, investors should seize the callback after buying opportunity.