

Rubber Producers May Introduce Measures to Limit Price Falls

Rubber producing countries may introduce “appropriate” measures to counter a further fall in prices, according to the International Rubber Consortium. The spot contract on the benchmark Tokyo Commodity Exchange has been “abnormally” lower than the free-on-board price in Bangkok since March 12, Yium Tavarolit, the consortium’s chief secretary, said by phone yesterday. The gap widened as much as 50 cents a kilogram compared with a range of 10 cents to 20 cents a kilogram previously, he added. Futures in Tokyo have fallen 16 percent this year on concerns over expanding stockpiles and easing demand. Thailand, Indonesia and Malaysia, the top three producers, haven’t made any joint official announcement on an export restriction after a program to cut shipments by 300,000 metric tons ended in March. “Producing countries are monitoring a widening gap between the Thai rubber export price and futures, which may encourage them to introduce appropriate measures to counter a further fall,” Yium said. Thai prices traded between 80 baht (\$2.62) to 90 baht a kilogram since March, showing that local supply is tight as exporters increase orders to fulfill contracts, Yium said. The most-active contract in Tokyo traded at 253.4 yen (\$2,554 a ton) a kilogram at 9:39 a.m. in Bangkok. Thai exporters have been buying from the Tokyo exchange to boost prices and will continue to do so as long as they remain lower than those in Thailand, Pongsak Kerdvongbundit, honorary president of the Thai Rubber Association, said on April 12.