

## **Asia Rubber-Trading houses buy tyre grades,econ worry stays**

\* SIR20 sold at 127.75 to 128.00 cts/lb, down from 134 cts

\* STR20 transacted at \$2.93-\$3.04, RSS at \$3.15-\$3.20/kg

\* TOCOM rubber falls to 6-week low

By Lewa Pardomuan

SINGAPORE, Oct 24 (Reuters) – Tyre grades changed hands in a series of overnight deals but many buyers from top consumer China stayed away, waiting for prices to fall further on lingering worries about the health of the global economy, dealers said on Wednesday.

Tokyo rubber futures, which set the tone for physical prices, dropped to a six-week low before steadying on data suggesting that China's economy is making a gradual recovery. The Tokyo market has slipped about 9 percent since hitting a four-month high in early October.

"The market is very bearish. Buyers are waiting for the right time to buy and they are staying out of the market," said a dealer in Kuala Lumpur.

"The demand is still poor. China is not buying. I don't think the export cuts scheme is working. Exports have naturally dropped because of poor sales."

Indonesia's SIR20 rubber was traded late on Tuesday at 127.75 to 128.00 U.S. cents a pound for shipments from November through January, down from 134 cents last week. Tyre grades from Thailand and Malaysia were also traded at lower prices.

Thailand, Indonesia and Malaysia agreed to cut down rubber trees and trim exports by 300,000 tonnes from October to lift prices hit by a faltering global economy.

The pact required Thailand to have cut exports by 150,000 tonnes, Malaysia by 40,000 to 50,000 tonnes and Indonesia by around 100,000 tonnes, but weaker prices suggested the scheme could be failing.

"The impact is short-lived. The market is so quiet and nobody seems to want to buy rubber," said a dealer in Indonesia's main growing island of Sumatra, adding that he failed to sell SIR20 overnight.

"China is not around, so also are buyers from Europe."

China imported 208,659 tonnes of natural rubber in September, down 11.36 percent on the year. January-September imports, however, were up 9.64 percent to 1.579 million tonnes year-on-year.

Thai RSS3 was traded at \$3.15 to \$3.20 a kg for November/December delivery, down from as high as \$3.30 last week. Another Thai grade,

STR20, was sold at \$2.93 to \$3.04 kg, versus \$3.13 last week.

Malaysian SMR20 changed hands at \$2.90 to \$2.93 kg, down from \$3.03 last week.

#### WEEK AHEAD

More weakness on Tokyo rubber futures could weigh on tyre grade prices next week, although bargain hunters could also resurface to buy nearby cargoes.

(Editing by Clarence Fernandez)