

Thailand, Indonesia, Malaysia Discuss Rubber-Export Limits

By Supunnabul Suwannakij Aug. 15 (Bloomberg) -- Thailand, Indonesia and Malaysia, representing about 70 percent of global natural-rubber supply, will discuss plans today to limit exports and boost prices. The International Tripartite Rubber Council will meet in Bangkok to find ways to respond to slumping futures, Thailand's farm ministry said in a statement. Rubber futures have plunged 43 percent in the past year and reached the lowest level in almost three years, as growth slowed in China, the biggest consumer, and Europe. Demand in China may drop 5 percent this year as declining truck sales cut tire use, Hangzhou Zhongce Rubber Co., the biggest Chinese tiremaker, said last month. The three Southeast Asian producers in 2009 cut sales to combat a slump amid the global financial crisis. "Prices have dropped more than would be justified by fundamentals," Yium Tavarolit, chief secretary of the International Rubber Consortium Ltd., said by phone today, without elaborating on possible measures. January-delivery rubber gained as much as 1.2 percent to 210 yen a kilogram (\$2,666 a metric ton) on the Tokyo Commodity Exchange after settling yesterday at the lowest level for the most-active contract since October 2009. Futures traded at 208.60 yen by 1:07 p.m. local time. Thailand, the top shipper, may raise the budget to buy rubber sheets from local farmers above market rates and increase locations for purchases to cover all growing regions, Deputy Farm Minister Nattawut Saikuar said in the statement. The plan will be presented for cabinet approval on Aug. 21, he said. While Thailand is building inventories and cutting aging trees, local auction rates have dropped 35 percent from this year's peak. The country announced in May plans to buy more than 10,000 tons in Tokyo and Shanghai to boost prices. Global natural rubber consumption may rise 2.5 percent to 11.2 million tons in 2012 as output grows 3.2 percent to 11.3 million tons, the International Rubber Study Group said last month. Demand may climb 4.3 percent to 11.7 million tons next year as production gains 4.4 percent to 11.8 million tons.