

## **Asia Rubber-Thai sellers hold back; majors buy Indonesian grade**

\* RSS3 traded at \$2.89-\$2.90/kg; STR20 untraded\* SIR20 sold at 123.25 to 123.50 cents/lb\* Wintering in Thailand, TOCOM weighs on pricesBy Lewa PardomuanSINGAPORE, March 20 (Reuters) – Some Thai rubber sellers held back stocks after prices plunged to their lowest in at least four years, but Indonesian grades attracted purchases from tyre makers, dealers said on Wednesday.Tight supply during the wintering season in Thailand failed to help prices defy pressure from declines in price-setting Tokyo rubber futures, while the absence of top rubber consumer China also weighed on the physical market.Thai RSS3, the benchmark grade in Southeast Asia, changed hands late on Tuesday at \$2.89 to \$2.90 a kg for April/May delivery without freight, its weakest level since late 2009, and was lower than \$3.00 last week. Another Thai grade, STR20, was untraded.“It’s been pretty quiet in the last few days for STR20.Buyers are on the low side, and their offer price can’t cover the cost,” said a dealer in main producer Thailand.“Supply is tight during wintering, but I am not saying that we are in short supply. STR20 was bid at below \$2.80. We should at least sell it at \$2.82 to \$2.83. It’s hard to say when China will come back to buy.” The most active rubber contract on the Tokyo Commodity Exchange, August, ended up 2.4 yen at 273.3 yen on Tuesday, but prices were still within sight of a 3-month low of 269.5 yen hit on Monday. The market was closed on Wednesday for a public holiday.The Tokyo market has been hit by concerns a controversial bailout proposal for Cyprus could reignite the euro zone crisis and curb demand for commodities. Although Tokyo futures set the tone for tyre grade prices, the contracts are often influenced by other markets.Indonesia’s SIR20 grade was sold to Singapore dealers at 123.25 to 123.50 cents a pound (\$2.71 to \$2.72 a kg) for May delivery, down from 130.00 to 132.00 cents last week.Dealers also noted purchases from tyre makers such as Bridgestone Corp and Michelin SA, but China’s weak appetite caused some concern after the country’s inventory rose 5.9 percent last week to 113,803 tonnes — its highest in three years.“I think China has to sell the stocks before buying again.They are old stocks and some have been there for more than a year,” said a dealer in Singapore. “China is still on the sidelines.” Chinese investors have been piling up rubber as collateral for financing in what could be a risky bet as warehouses in the world’s top user fill up with a commodity that can only be stored for a limited time.Malaysia’s SMR20 rubber was traded at \$2.82 to \$2.83 a kg, down from \$2.90 last week.WEEK AHEAD Tyre grade will be dictated by movements in Tokyo futures next week, and prices could fall further if China fails to buy on dips.(Editing by Clarence Fernandez)Reuters