

IRCo's WEEKLY RUBBER MARKET SNAPSHOT: 20 – 24 May 2013

Asian rubber markets settled mostly lower last week amid worries about the U.S. Federal Reserve announcement to slow down its USD85 billion a month bond purchases and a decline in China's Purchasing Management Index to 49.6 in May from 50.4 in April. Meanwhile, the news on high rubber inventories in China and the strengthening of the yen against the dollar also dampened the currently weak market sentiment.

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IRCo's DCP fell 4.68 US cents/kg to 261.75 US cents/kg on Thursday (Friday was public holiday in Thailand), or 1.76% lower than its DCP at 266.43 US cents/kg on Monday. On the other hand, Thai RSS-3 rose a bit to 304.36 US cent/kg on Thursday from 301.54 US cents/kg on Monday or up 2.82 US cents/kg or 0.94%. Thai STR-20 also increased to 255.74 US cents/kg on Thursday, or 0.39 US cents/kg (0.15%) higher than its settlement price at 255.35 US cents/kg on Monday.

In the meantime, Malaysia SMR20 as well as Indonesia SIR20 experienced losses during the week. Indonesia SIR20 fell to 243.00 US cents/kg on Thursday, or lost 9.00 US cents/kg or 3.57% from its settlement price at 252.00 US cents/kg on Monday. Similarly, Malaysia SMR20 also settled at 253.00 US cents/kg on Thursday or 5.00 US cents/kg or 1.94% lower than its settlement price on Monday at 258.00 US cents/kg.

The benchmark rubber contract for October delivery on TOCOM settled at 270.80 yen/kg on Friday, 18.70 US yen/kg or 6.46% lower than its settlement price at 289.50 yen/kg on Monday. In addition, the Shanghai Futures Commodity Exchange for September delivery also finished the week lower at 19,445.00 Yuan/ton, or 1,085.00 Yuan/ton or 5.28% lower than its settlement price at 20,530.00 Yuan/ton on Monday.

Moreover, AFET RSS-3 for December delivery was also down to 81.45 THB/kg on Thursday, or lost 3.55 THB/kg or 4.18% compared with its settlement price at 85.00 THB/kg on Monday.

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NR supply in the coming week is expected to remain tight even though the recent wintering season in northern Indonesia, Malaysia and Thailand was finished earlier this month.

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