

NR Prices Sentiment-Driven On Global Concerns

Natural rubber prices may remain sentiment-driven until there is some reassurance or resolution of global macroeconomic concerns, International Rubber Consortium chief secretary Yium Tavarolit said Tuesday. “Fundamentals are still firm, but the current situation is very emotional and concerns about the Greek issue outweigh other factors,” the Bangkok-based Yium said. He added that market sentiment may improve if there are assurances from large economies such as the U.S., China, Europe or Japan. The situation may also improve in the weeks ahead if Greece finds a resolution to its woes. The commodity markets were roiled Tuesday amid renewed fears that Greece could leave the euro zone, after coalition talks Monday failed to produce a government. While Greek President Karolos Papoulias proposed that parties meet again Tuesday for further discussions, a fresh election looks increasingly likely. At the same time, a meeting of European finance ministers in Brussels warned Greece that it could be removed from the European Union if it does not adhere to the terms of its bailout deal. Benchmark October natural rubber futures on the bellwether Tokyo Commodity Exchange fell as much as 5.1% intraday and settled 3.3% lower at Y270.1 a kilogram. Natural rubber prices were also weighed by fears of slowing concerns in China, which sent benchmark September natural futures down 4.5% intraday. October Tocom rubber rebounded in the night session due to better-than-expected first-quarter figures from Germany. Yium said IRCO is monitoring the volatility in natural rubber prices. As part of a long-term plan, it is also drawing up a 10-year roadmap that aims to stabilize prices. These include previously-announced initiatives of national rubber funds and a regional rubber market. Yium said the Thai government has sought support from Indonesian and Malaysian governments to stabilize prices, but it is up to individual countries to carry out their own plans. Thailand approved a natural rubber price intervention program in January, which has gathered pace over the past week—coinciding with the selloff in Tocom rubber futures. IRCO members Thailand, Indonesia and Malaysia account for some 70% of global natural rubber output.