

Thailand to step up rubber buying from growers

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Thailand, the world's biggest rubber producer, will expand a state-buying programme by more than doubling purchases from farmers to support prices, according to Deputy Farm Minister Yuttapong Charasathien. Futures gained.

"The Southeast Asian nation will purchase a further 2.5 lakh tonnes by March after buying 1.7 lakh tonnes since May," Yuttapong said in an interview in Bangkok on Wednesday.

"The country will also proceed with plans agreed with Indonesia and Malaysia in August to cut its shipments by 1.5 lakh tonnes," he added.

RUBBER IN BULL RUN

Rubber in Tokyo has entered a bull market, rebounding from a near three-year low in August, after the three countries agreed to cut exports by a combined 3 lakh tonnes. The rally, also driven by prospects for increased demand as China and the US recover, may raise farmers' income,



Mother and son make cuts into rubber trees to collect the sap, on a plantation near Manopart, Rayong province, Thailand (file photo). — Bloomberg

while lifting costs for tyre-makers such as Tokyo-based Bridgestone Corp.

"The Thai programme will absorb surplus from the physical market," Takaki Shigemoto, an analyst at research company JSC Corp in Tokyo, said by phone. The programme will help bolster rubber prices.

Futures rose 24 per cent from the year's lowest close on August 14, exceeding the 20 per cent gain commonly seen as defining a bull market.

MOVE FORWARD

The April-delivery contract climbed as much as 2 per cent to ¥262.1 a kilogram (\$3,178 a tonne) on the Tokyo Com-

modity Exchange on Thursday, the highest intra-day price since October 29.

"We will seriously move forward," said Yuttapong, who has overseen rubber policy since November 5.

"We will focus on managing supplies to boost prices," he said, without giving a target.

The total of 4.2 lakh tonnes that Thailand may now buy from growers equals 12 per cent of last year's output, according to Bloomberg calculations based on figures from the Association of Natural Rubber Producing Countries. Thai production was 3.57 million tonnes (mt) in 2011, and 2.1 mt in the first eight months of this year, according to data from the ANRPC.

"Prices have been on an upward trend," Yuttapong said. "The gains have been driven by the export-cut measures as well as increased optimism that growth in China and the US will continue, improving rubber demand," he said.

More Americans this month said, the world's largest economy will improve than at any time in the past decade, according to a survey accompanying the Bloomberg Consumer Comfort Index. Growth in China may accelerate to 8.1 per cent next year, according to the median estimate of 56 economists' forecasts. China is the world's largest rubber user, according to the ANRPC. — **Bloomberg**