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## Raw material markets: Rubber prices relatively stable

Intereconomics

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## Index Numbers of World Market Prices of Foodstuffs and Industrial Raw Materials

Index and commodity group	1966			1967			
	June	September	December	March	June	June 30	July 14
HWWA-Index <sup>1</sup> (1952-1956 = 100) ....	96.2	92.5	92.4	91.9	92.2	90.9	90.9
Foodstuffs .....	84.3	84.2	84.5	84.0	86.8	83.8	84.1
Raw materials other than foodstuffs ...	102.0	96.4	96.1	95.7	94.8	94.3	94.1
Fuels .....	95.7	95.4	95.2	95.1	95.1	95.1	95.1
Raw materials for consumer goods ..	96.2	93.8	92.4	92.1	91.7	91.1	90.9
Raw materials for capital goods .....	112.7	99.6	99.6	98.8	96.6	95.7	95.3
Reuter's Index (18. 9. 1931 = 100) .....	463.1	428.9	423.6	425.8	445.2	434.6	429.8
Moody's Index (31. 12. 1931 = 100) ....	402.8	382.7	374.4	366.2	373.8	370.3	369.1

<sup>1</sup> Index compiled by the Hamburg Institute for International Economics.

employment, which particularly in West Germany and Britain is declining, while in Italy it is expanding vigorously.

The increase of the average West European living standard will slow down in 1967 as the fourth year in succession. In this connection a comparison within the scope of the world economy is revealing. While in the early sixties the West European per capita consumption in terms of real value

increased considerably faster than in the United States, from 1964 to 1966 an annual growth by scarcely 3 % in Western Europe was to be compared with an increase by 4 % in the USA. In the aggregate the advantage of the USA has hardly decreased also relatively. This shows that the rise in the standard of living is not limited by an imaginary degree of saturation, but is decisively determined by economic policy.

stances the forecast of the International Rubber Study Group expecting rubber consumption to increase by approx. 3 % to 2.580 million lgt in 1967 has to be regarded cautiously. For hitherto there are no signs of a revival in the motorcar business.

But even if world consumption—as is expected—should increase, in 1967 nearly a balancing between consumption and production must be reckoned on. Due to rubber cultivation being encouraged by many producer countries, in 1967 an increase of world production by not less than 7 % to approx. 2.565 million lgt is calculated on. Together with the stockpile releases reduced to 70,000 lgt the total offer in 1967 would thus exceed consumption with 55,000 lgt much more even than in the previous year.

In view of the—seen as a whole—steady tendency towards oversupply in the rubber market prices should consequently fall again during the year. But the delay in deliveries as an impact of the blockade of the Suez Canal for the time being should have a price supporting influence. Perhaps processors will temporarily be stimulated to effect provident purchases, particularly as during the last few months they have kept their stocks as small as possible.

## Raw Material Markets

### Rubber Prices Relatively Stable

After the end of the war in the Near East prices in the international rubber markets did not—like most other commodity prices—fall to that low level registered before the outbreak of the crisis. This relatively stable price tendency is mainly a result of the fact that at the London Exchange rubber for immediate supply has become short, because of rubber deliveries from Malaysia being delayed due to the blockade of the Suez Canal. Moreover, the US stockpile authorities recently decided to reduce their rubber releases drastically. In comparison with the previous year rubber is, however, still today—in spite of the noticeable recovery—quoted at considerably

lower prices, as the supply and demand ratio had a steadily growing unfavourable effect for the processors until the outbreak of the crisis.

Granted, as against 1965 the consumption of natural rubber increased by 5.8 % to 2.510 million lgt in 1966, but during the year the consumption growth decreased constantly. The dull production in the Western motor-car industries and the beginning reduction of rubber stocks on the processors' side finally effected a stagnation and since autumn 1966 a decline of supply. World consumption e.g. in January/February this year was about 4.7 % below the previous year's level. Under these circum-

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