

Rubber Prices Continue To Rise

The natural and synthetic rubber materials market is in a chaotic situation, with some prices rising by over 35%.

There is a world-wide shortage of EPDM, natural rubber and chemicals associated with manufacturing the former. The situation has been steadily getting worse for a number of years, but is even worse now, thanks to market speculators and increasing tyre sales in Asia.

Some of the largest manufactures in the world of rubber sheeting, such as Trelleborg and Semperit, have only been able to secure 60%-70% of their 2011 period 1-6 requirements. The balances have to be purchased on spot/availability at wildly fluctuating prices.

If companies such as Trelleborg, with sales world-wide of 3.3 Billion Euros, in 40 countries, cannot secure enough raw materials, then you know there is a problem.

We have spoken with our friends in the trade, with UK moulding operations, who confirm that they had raw material orders on for months, and do not know when they will receive them.

With the growing unrest in the Middle East, oil prices are set to rise even further over the coming months, contributing to an already unstable market.

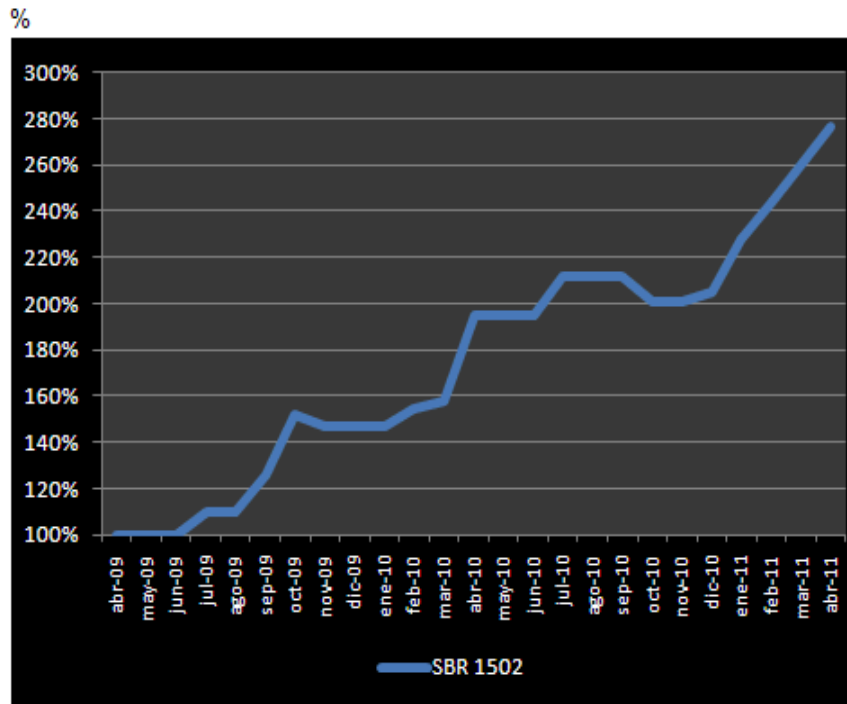
SBR

Supply situation is very tight, there are two main factors driving the increase, Monomers and the high demand. As Natural Rubber prices near 4.4 Euro for March and April deliveries, Natural Rubber is being replaced by SBR, the demand is higher than the capacity and the speculation is driving the prices.

The volumes from Asia producers (China, Korea, Thailand) have disappeared and according to traders and European producers the demand from the East is very high and prices near 20% higher, so European production is being diverted to China and India.

NRSBR

EUR/KG



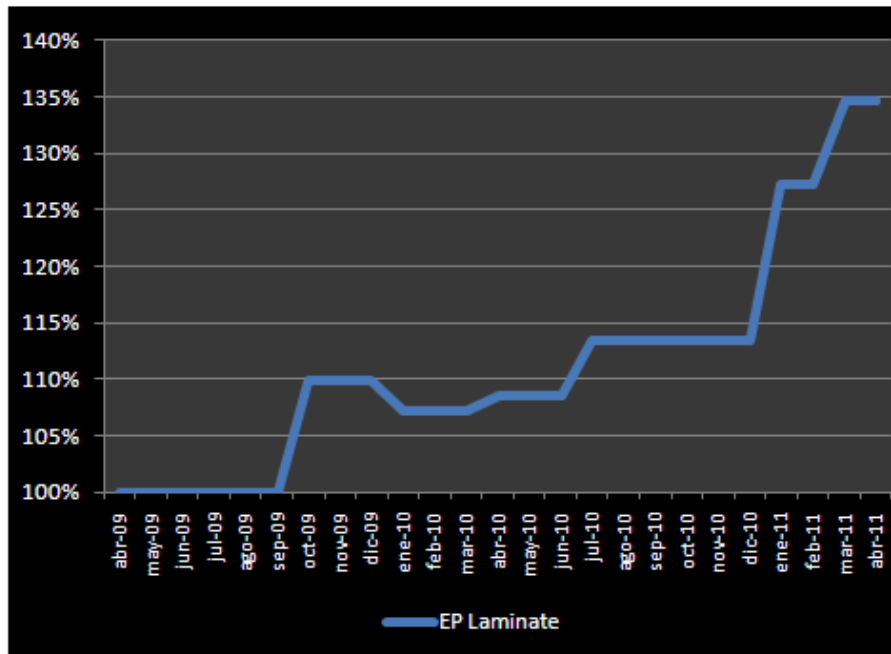
EPDM

Current situation: Demand vs. Capacity, the gap between them is estimated to be 100,000 tonnes for this year!

After the 2008 crisis all plants resized their capacities. Dow closed a factory and provoked this huge gap. According to reported investments this gap will remain until at least 2013 !.

EUR/KG

%



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