

COMMODITIES

RUBBER

The upward trend in natural rubber prices in the international market has continued steadily throughout the first 10 months of this year, with the exception of a drop in July due to the major rubber and tyre makers strike in the U.S. London RSS1 spot prices rose from £376 per metric ton to £569 per metric ton by the end of October; in New York RSS1 (nominal) rose from US\$ 728.2 in January 1976 to US\$ 931.3 per metric ton by the end of October; and in Singapore RSS1 prices per metric ton which were Singapore \$1606, rose to a peak of \$2034 and then declined gradually to \$1910 by the end of September (See table below).

NATURAL RUBBER PRICES—PER METRIC TON 1976

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.
London RSS1 (Spot)	376.0	406.0	443.3	440.6	469.5	524.1	483.9	473.3	490.9	569.0
New York RSS1 (Nominal) US\$	728.2	787.7	835.7	848.5	898.9	943.0	897.7	896.1	883.0	931.3
Singapore RSS1 Sing. \$...	1606	1776	1854	1875	2034	2120	1971	1956	1910	

Coffee and Cocoa Gain Most in Beverages Price Boom

The prices of the three major agricultural beverages showed a continuous rise over the 12 months beginning September 1975, according to latest FAO data. (See table below). In the case of Coffee and Cocoa beans, however, there were 100 percent increases in prices of both commodities. In case of tea, the Sri Lanka prices increased by approximately 50% while Indian auction prices reached a peak in June 1976 and came back to almost September 1975 prices by September this year.

COFFEE

Latest forecasts indicate that the 1976-77 world coffee crop will be around 60 million bags, about 12 million bags below that estimated for 1975-76, and will be the lightest harvest since 1970-71. A further deficit is likely in 1977-78, though of a smaller magnitude, and the

In October fairly active conditions have been experienced in all three international markets following the US General Services Administration's announcement of its stock pile target for rubber of half a million long tons. Values also hardened further with reports of the worsening situation in Bangkok and the weakness of sterling. Towards the end of October, however, conditions were quiet but quotations in all markets showed increases over the previous month's prices.

In Sri Lanka, statistics available upto the end of July showed that in the first seven months of the year, production totalled 89,605 metric tons, an increase of 9,738 metric tons over the same period last year; consumption of natural rubber for these seven months was 3,909 metric tons, an increase of 476 metric tons over the same period last year; and actual exports of rubber for these seven months of 1976 totalled 94,843 metric tons, an increase of 9,334 metric tons.

overall supply position is likely to remain tight until the end of the decade, according to the Commonwealth Secretariat's 'Tropical Products Quarterly'. The TPQ adds that there will be little opportunity before the early 1980's to build up a substantial enough reserve stock of coffee to cover the effects of climatic disasters.

COCOA

World production in 1975-76 is estimated at only 2% less than in

TEA

Rising price trends

Prices continued to be firmer for most grades of teas during the month of October and despite a slight fall in quality towards the end of the month there was a fair general demand. Buyers continued to pick up any invoices of useful quality at enhanced prices. The uncertainty of the sterling had a decidedly weakening effect on the market at the last weekly sale in October. Crop prospects, however, were considered to be better in the coming months and brokers alerted estates, especially in view of this situation, to the importance of producing a commodity of higher standard.

By the end of October the average net price increase per kgm. was Rs. 1.46. High grown, particularly have recorded an increase of Rs. 1.61 per kgm. Net average prices for the three years 1974-1976, during the period January-October, were as follows:

NET AVERAGE PRICES January-October Rs. per kgm.

	1974	1975	1976
High Grown ...	5.99	6.28	7.89
Medium Grown ...	5.36	5.84	7.28
Low Grown ...	5.69	6.36	7.65
Total ...	5.69	6.15	7.61

1974-75 but still sufficient to meet the demand from chocolate manufacturers, according to the trade.

For the forthcoming 1976-77 season there were indications of damage to crops in Brazil and Ghana and production is estimated to be lower than in 1975-76.

The International Cocoa Council has requested its secretariat to undertake a study of the factors influencing cocoa prices on international markets.

QUARTERLY COMMODITY PRICES

	1975		1976		
	Sept.	Dec.	March	June	Sept.
Coffee (U.S. Spot New York Columbian) US\$ per lb. ...	90.9	94.7	108.2	182.1	180.5
Cocoa Beans (U.S. Spot New York Bahia) US\$ per lb. ...	61.4	67.3	71.5	101.7	121.9
Tea Sri Lanka Colombo Auctions Rs. per kgm. ...	7.19	7.02	8.23	8.70	11.23
India Calcutta Auctions Rs. per kgm. ...	12.40	10.80	10.33	14.22	12.50

COCONUT

Production drop deprives Sri Lanka of benefits of price boom

Sri Lanka's export earnings from coconut products upto September this year was 13 percent less than during the same period in 1975.

The drop in earnings is mainly the result of the delayed arrival of vessels for shipping of our coconut oil exports. This delay in shipping has lead to a storage problem of oil and milling activity has therefore been curtailed owing to the lack of storage space. It has also lead to a slight decline in the local market prices of coconut products.

Meanwhile, the Philippines has taken advantage of the constantly increasing world market prices of vegetable oils during the course of this year and has stepped up considerably the volume of its copra and coconut oil exports. While, during the first nine months of the year, the volume of Sri Lanka's coconut oil exports was 65 per cent less than last year the Philippines had increased the volume of its exports by 65 per cent. International coconut oil prices which started at US \$ 334 per metric ton in January 1976 kept increasing each month till by September 1976 it had reached US \$ 490 per metric ton. The price of copra which was US \$ 199 per metric ton in January 1976 stood at US \$ 397 per metric ton by September 1976.

Unfortunately Sri Lanka was unable to cash in on the very favourable price situation. For the period January to September this year coconut oil production amounted to only 73,350 metric tons which was in fact a decline of about 15,000 metric tons or 17 per cent from the level recorded during the corresponding period last year. China which took 16,800 metric tons of our coconut oil upto September last year was supplied with only 8,800 metric tons for the same period this year; and Canada which took 16,000 tons last year imported only 9,700 tons for the same period this year.

On desiccated coconut too Sri Lanka was unable to take advantage of the soaring prices during the first 9 months of this year. The Inter-

EXPORTS OF COCONUT PRODUCTS JANUARY-SEPTEMBER 1975/76

COMPARATIVE STATISTICS

	Jan.-Sept. 1975		Jan.-Sept. 1976	
	Volume (MT)	Value (Rs. Thousand)	Volume (MT)	Value (Rs. Thousand)
1. Coconut Oil ...	49,789	166,986	39,782	104,555
2. D.C. ...	37,732	131,174	35,462	124,863
3. Copra ...	542	2,972	883	4,966
4. Fresh nuts ...	5,887,900 (number)	5,595	5,117,815 (number)	6,051
5. Sub-total kernel products	663 45 (million nut equivalents)	306,727	568.86 (million nut equivalents)	240,435
6. Mattress fibre ...	28,579	30,053	36,635	30,469
7. Bristle fibre ...	5,817	10,398	8,653	15,070
8. Twisted fibre ...	10,679	15,555	17,903	24,100
9. Coir yarn/twine ...	2,274	4,449	2,729	5,977
10. Coconut shell charcoal	13,348	8,520	19,770	7,011
11. Coconut shell flour	355	269	625	336
12. Coconut shells ...	936	287	1,542	324
13. C'nut shell activated carbon	112	492	333	1,834
14. Coconut ekels ...	1,835	1,300	4,481	3,258
15. Total value of by-products		71,323		88,379
16. Total value of all-products		378,050		328,814

national prices of D C recorded unprecedented rises. The selling price of Sri Lanka D C (C & F Europe and f.o.b. Colombo) which stood at around US \$ 360-365 in March 1976 maintained a steady increase over the year till in August it shot up to \$775-855 and in September to \$847-1007 per metric ton. Local production of D C however was only 35,757 metric tons during January to September. D C production in September at 3776 metric tons was the lowest recorded since May.

The net result was that for the entire period January to September 1976, the export value of all our coconut products added upto Rs 329 million which was a drop of Rs. 49 million or 13 per cent from the level recorded for the same period last year. (See table). The main reason for this, is apparent from the table as seen in the lower export earnings from coconut oil and D.C. Coconut oil exports upto September this year brought in only Rs. 105 million as against Rs. 167 million over the same period last year, while volume wise nearly 50,000 metric tons were exported last year as against only 40,000 metric tons in the same period this year. The export volume of coco-

nut oil, D.C., Copra and fresh nuts in terms of nut equivalents fell by 14 per cent this year.

The export earnings of by-products however, were considerably brighter. Total export earnings from by-products at Rs. 88.4 million registered an increase of Rs. 17 million or 24 per cent over the same period last year. The most significant increase during the year were recorded in coconut shell exports, particularly activated carbon and coconut ekels. Among fibre products, the largest increase was recorded for twisted fibre which rose from Rs. 15.6 million last year to Rs. 24.1 million for the same period this year.

International Markets

International prices of major oils and fats showed a firmness throughout the month of September. The recovery in world demand for oil seeds, oils and oil cake which began early in the year has continued into the later months. World production of copra in 1976 is now estimated at a record 4.9 million tonnes mainly due to prospects of an unsurpassed level of output in the Philippines of 2.6 million tonnes. Improved output is also predicted for Indonesia, but low prices have led to falling output in Papua, New Guinea.