



FACTORS AFFECTING VOLATILITY NATURAL
RUBBER PRICE: EVIDENCE AMONG NATURAL
RUBBER PRODUCING COUNTRIES

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ABSTRACT

This paper is conducted regarding volatility of natural rubber price which affecting the development of rubber sector as well as export earnings among producing countries. The data was taken from secondary data and collected starting from 2006 until 2015 for top ten producing countries of natural rubber published by Malaysia Rubber Board (MRB) for 2015 ranking. The data is analysed by using panel data random effect GLS to generate the result of this study in investigate the factors influencing volatility natural rubber price, examine the relationship between dependent variables and independent variables and analyse the significance's level of independent variables toward dependent variable. Natural rubber price is used as dependent variable which producer price index as its proxy whereas the independent variables are crude oil price (COP), consumer price index (CPI), synthetic rubber price (SRP), economic growth (ECO), and rainfall (RNF). The finding of this study shows that crude oil price (COP), economic growth (ECO), and rainfall are negative relationship towards the natural rubber price meanwhile consumer price index (CPI) and synthetic rubber price have a positive relationship in influencing natural rubber price. Based on the result, this study indicates that consumer price index (CPI), synthetic rubber price (SRP), crude oil price (COP) and economic growth (ECO) are significant but rainfall (RNF) is insignificant towards the natural rubber price. Hereby, this study will be highlighting the most factors in affecting natural rubber price and recommendations in addressing the volatility natural rubber price since continuously instable in price of natural rubber would affect the economic growth of producing countries and also income earning of rubber tapper.