

Rubber drops on higher Thailand supply concern

TOKYO: Rubber futures tumbled to the lowest level in more than a month on speculation that shipments from Thailand, the world's largest producer, may increase as the nation is expected to end a price support program as planned. The contract for July delivery fell 3% to 305.3 yen a kg (\$3,273 a tonne) on the Tokyo Commodity Exchange, the lowest settlement price for the most-active contract since January 16. The drop widened losses this month to 3.3% and cut gains to 0.9% this year. The Thai government will review a programme to support prices by purchasing the commodity from farmers when it expires at the end of March, Deputy Farm Minister Yuttapong Charasathien said on Tuesday. Thailand agreed with Indonesia and Malaysia last year to cut exports by a combined 300,000 tonne in the six months through March to bolster prices. "Funds may sell their positions to cut losses because their average cost is around 315 to 320 yen," Gu Jiong, an analyst at commodity broker Yutaka Shoji, said by phone from Tokyo. This intensified losses, amid speculation the Thai government will end the price-support measure, he added. Futures in Tokyo have gained 17% since October 1, when the three largest producers began restricting shipments. The price recovered on signs of global economic recovery and Japanese Prime Minister Shinzo Abe's stimulus that weakened the yen to an almost three-year low against the dollar. The contract for September delivery in Shanghai fell 1.1% to close at 25,805 yuan (\$4,135) a tonne. Thai rubber free-on-board declined for a second day, falling 1.8% to 94.70 baht (\$3.17) a kg on Wednesday, according to the Rubber Research Institute of Thailand. India Times