

IRCo Market Watch (22 - 26 Oct. 2012)

By Yium TavarolitThe Movements of Global Stocks, Finance and EnergyAsian stock markets ended lower on Friday after a mixed set of U.S. economic data and earnings reports on Thursday, while Chinese exporters were hit by the yuan's recent strength. The Shanghai Composite Index (SCI) closed 1.68% lower at 2,066.21 on Friday. The average weekly SCI stayed lower than its average weekly SCI in an earlier week, but the average weekly Nikkei Index closed higher at 8,993.50.European stock markets closed marginally higher on Friday on the back of strong resource stocks after early weakness in the region. The Stoxx Europe 600 Index gained 0.1% to settle at 270.51. However, its weekly average Index was still lower than an earlier week.

Among major stock indices in Europe, the French CAC 40 Index rose 0.7% to 3,435.09, supported by shares of oil major Total SA and drug maker Sanofi SA. The U.K.'s FTSE 100 Index finished slightly higher at 5,806.71 while the German DAX 30 Index also rose 0.4% to 7,231.85, buoyed by industrial conglomerate Siemens AG and chemical group BASF SE.Wall Street closed a second consecutive day high on Friday, boosted by a higher than expected U.S. annual GDP growth rate of 2.0% in 3Q12, after it stayed in the downtrend early in the week due to reports on weak earnings from blue chip stocks. However, Wall Street remained in the downtrend on Friday compared with an earlier Friday.On Friday, the Dow Jones Industrial Average rose 3.53 points, or less than 0.1%, to 13,107.21. The Standard & Poor's 500-stock Index was down 1.03 points, or 0.1%, to 1,411.94, and the Nasdaq Composite Index added 1.83 points, or 0.1%, to 2,987.95.The weak euro zone data weighed on the euro, the Swiss franc against the dollar throughout the week. In the meantime, the Japanese yen was rather volatile and weakened against the dollar but the Chinese yuan strengthened against the dollar. The euro and the Swiss franc were at 1.2939 and at 0.9346 against the dollar. The Japanese yen and the Chinese yuan stayed at 79.63 and at 6.2480 against the dollar.Crude oil futures on New York Mercantile Exchange (Nymex) followed Wall Street throughout the week. Light, sweet crude oil for December delivery settled 23 cents higher at US\$86.28 a barrel. ICE December Brent rose 1%, or \$1.06 a barrel, to US\$109.55 a barrel.Rubber MarketsRubber futures in Asia remained in the downtrend during the week despite a big rebound on Thursday because market players were still worried about global economic uncertainties, and they tried to stay on the sidelines as global stocks continued their declines from an earlier week.At the same time, the dollar strengthened against the euro and the Swiss franc but the Japanese yen and the Chinese yuan. Moreover, crude oil futures on Nymex moved downwards as global oil demand looked gloomy whereas Gold futures also fell slightly.These have resulted in the slowdown in global natural rubber (NR) consumption, particularly in the global automotive industry until today. That is why NR prices on both rubber futures and physical rubber markets mostly stayed lower on Friday compared with an earlier Friday.

IRCo's technical MACD was still weighed down by IRCo's Signal Line throughout the week, due mainly to the continued falls in global stock

markets and to the persistently weak market sentiment on rubber futures in Asia, which caused market players to continue liquidating their contracts during the week. At the same time, IRCO's technical RSI also continued falling further from 41.38% on an earlier Friday to 32.95% on Friday. It seems that a technical rebound on NR prices in the coming week is likely if there is any positive factor, which could outweigh the persistent bearish sentiment. As mentioned last week that the NR export cut back measure by the ITRC cannot be ruled out as well because that is a fundamental effective mechanism to stop falling NR prices. However, it is inevitable that the current rubber market will remain volatile as market players are very emotional and sensitive to every incoming data and information.