

IRCo Market Watch (14 - 18 Jan. 2013)

By Yium TavarolitThe Movements of Global Stocks, Finance and EnergyAsian stock markets ended higher on Friday after the National Bureau Statistics of China reported that China's gross domestic product growth figures for the fourth quarter showed a 7.9% on-year rise compared with expectations for a 7.8% rise. Japan's Nikkei Index jumped 2.9% to close at 10,913.30, and the Shanghai Composite Index rose 1.4% to 2,317.07. Australia's S&P/ASX 200 rose 0.30% to 4,771.23 while South Korea's Kospi rose 0.7% to 1,987.85.Europe's stock markets ended a choppy session on Friday mostly lower, with a weak reading on U.S. consumer confidence marginally outweighing stronger-than-expected data on economic growth in China and some broker upgrades for European firms. The Stoxx Europe 600 Index declined 0.1% to close at 287.03. France's CAC 40 Index fell 0.1% to 3,741.58 while Germany's DAX 30 Index lost 0.4% to 7,702.23. However, London' FTSE 100 Index bucked the trend to close 0.4% higher at 6,154.41.U.S. stocks stayed in an uptrend during the week as House Republicans plan to vote in the coming week on a temporary increase in the debt-limit and investors watched corporate earnings. The Dow Jones Industrial Average gained 53.68 points, or 0.4%, to 13,649.70 on Friday. The Standard & Poor's 500-stock Index rose five points, or 0.3%, to 1,485.98, but the Nasdaq Composite Index dropped 1.29 points, or less than 0.1%, to 3,134.71.The euro pulled back on Friday after trading near its highest level in more than nine months this week, on concern about the euro zone's stagnating economy. At the same time, the Japanese yen continued weakening against the dollar on Friday as forex traders expected that the Bank of Japan will respond to pressure from Prime Minister Shinzo Abe to step up efforts to ease monetary policy at its meeting in the coming week. As a result, the yen weakened to around Y90.05 against the dollar whereas the euro stayed at around 0.7509 against the dollar on Friday.U.S. crude-oil futures stayed around the break-even point on Friday as traders weighed optimistic Chinese economic data and a bullish monthly oil report against persistent weak U.S. oil demand. Light, sweet crude oil futures for February delivery on the New York Mercantile Exchange settled 7 cents higher at \$95.56 a barrel on Friday, according Dow Jones Newswires.Rubber MarketsMarket players on rubber futures in Asia held back from their long positions after Japan's Minister of State for Economic and Fiscal Policy Akira Amari warned an excessively weak yen may hurt imports and households on Tuesday, and Germany reported its GDP contraction by 0.5% in 4Q12, quarter on quarter. Furthermore, the Work Bank sharply cut its global economic outlook to grow 2.4% in 2013, down from 3.0% in the previous forecast in June 2012.The above mentioned reasons, together with a stronger yen against the dollar, dragged down Tokyo rubber futures early in the week, before the stronger-than-expected Chinese GDP growth in 4Q12 would shore up rubber markets across the region on Friday.The benchmark rubber contract for June delivery on Tokyo rubber futures closed at Y316.30 /kg (\$3.50/kg) while the most active rubber contract on Shanghai rubber futures for May delivery closed at 25,870 yuan/ton (\$4,159/ton) on Friday.Physical rubber markets in Asia also followed rubber futures in the region throughout the week as rubber market

fundamentals, especially low natural rubber (NR) supply in Thailand, Indonesia, and Malaysia, could not counter bearish rubber market sentiments that led to the falls in most rubber markets in the region.

IRCo's technical MACD pulled down its Signal Line in positive territory while its RSI also fell to 58.06% on Friday from 78.06% on an earlier Friday as market players liquidated their long positions in the wake of some bearish market sentiments during the week. It is expected that bearish sentiment on rubber futures will remain in the coming week, but the current upward trends in the Dow Jones Industrial Average and crude oil futures, a stronger yuan, the higher-than-expected Chinese GDP at 7.9% in 4Q12 from a year earlier, and the current NR supply tightness in rubber producing countries should restore investor confidence to certain level and should lend some support for NR prices to be steady in the coming weeks.