

Tokyo futures hit 1-week low, may fall further (June 21)

Raw rubber latex is collected in bowls. The surplus of rubber will probably widen to 469,000 tons this year and to 566,000 tons in 2013 from 50,000 tons in 2011, before falling to 194,000 tons in 2014 as price declines curb growth in supplies, said Prachaya from the London-based The Rubber Economist, who has studied the commodity for more than 30 years. BANGKOK, June 21 (Reuters) – Tokyo rubber futures fell to one-week low on Thursday, tracking commodities that fell sharply on news the U.S. Federal Reserve did not announce a major new measure to stimulate the sluggish U.S. economy, dealers said. The benchmark rubber contract on the Tokyo Commodity Exchange for November delivery fell 8.0 yen to settle at 244.2 yen (\$3.08) per kg. It fell at one point by 3.6 percent to 243.2 yen, lowest since June 15. The most-active rubber contract on the Shanghai rubber exchange for September delivery fell 780 yuan to finish at 22,570 yuan per tonne. The front-month July rubber contract on Singapore's SICOM exchange was last traded at 286.5 U.S. cents per kg, down 10.1 cents. "The Fed said it will help stimulate the economy, but that was not strong enough and it disappointed the market. Then, concerns over falling demand for commodities emerged again and triggered a broad sell-off," said a Bangkok-based trader. The Federal Reserve on Wednesday completed a two-day monetary policy meeting and announced it would add \$267 billion to its Operation Twist bond-buying program, saying it was ready to do more. Dealers said technical sentiment on TOCOM was weak after prices broke a key support level of 250 yen, which could trigger a further round of stop-loss selling. TOCOM prices were likely to fall further on Friday if other commodities continued to slip – encouraging players to liquidate contracts to avoid losses ahead of the weekend. (\$1 = 79.3600 Japanese yen) (Reporting by Apornrath Phoonphongphiphat; Editing by Eric Meijer)