

## **Tokyo rubber futures rise to 7-month high; yen drops (Dec. 25)**

TOKYO, Dec 25 (Reuters) – Key TOCOM rubber futures edged up on Tuesday to hit a seven-month high, as the yen tumbled to a 20-month low and rises in Tokyo stocks supported prices.

### **FUNDAMENTALS**

\* The key Tokyo Commodity Exchange rubber contract for June delivery was changing hands 0.3 yen higher at 287.9 yen as of 0046 GMT.

The benchmark contract earlier rose as high as 289.9 yen, the highest since 294.7 hit on May 11.

Volumes are likely to stay low due to a lack of participants during the Christmas holiday.

\* Rubber has strengthened over the past month due to a weaker yen, which makes yen-denominated assets more affordable when purchased in other currencies.

The yen tumbled to a 20-month low on Monday after Japan's incoming prime minister stepped up pressure on the Bank of Japan to easy monetary policy.

\* An impasse in the U.S. budget talks and thin volumes as the end of the year approaches will keep benchmark Tokyo rubber futures range bound this week, dealers have said.

\* Indian natural rubber futures are likely to remain steady this week, near two-and-half-year lows hit last week, as farmers trim supplies in response to lower prices and sluggish buying by tyre-makers.

### **MARKET NEWS**

\* U.S. stocks edged lower on Monday as caution over the potential for volatility driven by worries about the U.S. "fiscal cliff" dampened enthusiasm at the start of a seasonally strong period for equities.

\* The dollar rose against major currencies on Monday, buoyed by uncertainty about U.S. budget talks.

\* Oil prices largely recovered early losses but still closed a hair lower on Monday.

\* Japan's Nikkei share average rose on Tuesday in thin Christmas holiday trading as exporters gained on a weak yen.

DATA EVENTS\* The following data is expected on Tuesday: (Time in GMT)- European Market Holiday- United States Market Holiday(Reporting by Osamu Tsukimori; Editing by Michael Perry)