

## **IRCo – Rubber Market Watch: 5 – 9 November 2012**

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### **The Movements of Global Stocks, Finance and Energy**

Asian stock markets continued to fall on Friday, as worries about the U.S. fiscal cliff and the obvious downtrend on Wall Street continued to weigh on global stock markets. The Shanghai Composite Index fell for the fifth consecutive session to 2,069.07, or lost 0.1% from Thursday, while the Australia's S&P ASX 200 was 0.5% down to 4,462.00. The Hong Kong Hang's Seng Index was down 0.9% to 21,384.38 while Japan's Nikkei 225 Index edged down 0.9% to 8,757.60.

European stock markets also closed lower on Friday in the wake of investors' concerns about the euro-zone debt crisis and the U.S. fiscal cliff. The Stoxx Europe 600 Index gave up 0.1% to close at 270.27. The U.K.'s FTSE 100 Index fell 0.1% to 5,769.68. On the week the Index saw a 1.7% drop. The German DAX 30 Index dropped 0.6% to 7,163.50, and lost 2.7% on the week. The France's CAC 40 Index rose 0.5% to close at 3,423.57, but slumped 2% on the week.

U.S. blue chip stocks ended up on Friday compared with on Thursday, but their weekly averages remained lower than their earlier weekly averages as investors were still worried about the currently global economic uncertainty. The Dow Jones Industrial Average closed 4.07 points higher, less than 0.1%, to 12,815.39 on Friday. The Standard & Poor's 500-stock Index rose 2.34 points, or 0.2%, to 1,379.85 while the tech-oriented Nasdaq Composite gained 9.29 points, or 0.3%, to 2,904.87.

The euro and Swiss franc continued weakening against the dollar throughout the week as forex traders were still pessimistic about the current European economy. This was confirmed when the European Central Bank (ECB) on Thursday decided to leave its interest rates at record lows, and data showed the German economy might slow down. However, the Japanese yen strengthened against the dollar throughout the week. On Friday, the dollar was at around CHF0.9485 and was at around EUR0.7869. And the dollar was at around JPY79.47.

Crude oil futures on New York Mercantile Exchange (Nymex) were very volatile during the week, but they could settle slightly higher on Friday compared with on Monday, after data on Friday showed that U.S. consumer confidence climbed to a five-year high. Crude oil for December delivery on Nymex increased 98 cents to settle at \$86.07 a barrel, or climbed 1.4% this week, but is down 13.0% this year, according to Dow Jones and Bloomberg Newswires.

### **Rubber Markets**

The two leading rubber futures in Asia, i.e. Tokyo and Shanghai rubber futures zigzagged down in tandem with each other throughout the

week as there were no clear cues for market players to play with after U.S. President Barak Obama was re-elected on Tuesday.

Due to the above mentioned reasons and investors' pessimism about the global economic improvement, these have pressured IRCo's DCP to stay in a downtrend since 9 October and dragged down natural rubber (NR) prices across the board on Friday compared with an earlier Friday.

There was the tug of war between some technical indicators of IRCo on Friday. While IRCo's technical MACD pulled down its Signal Line further in negative territory on Friday, its RSI improved from 32.39% on an earlier Friday to 36.66% on Friday. To be sure, let's see a move of IRCo's RSI in the coming week again and we can say something.

In addition, the Monitoring and Surveillance Committee (MSC) of the International Tripartite Rubber Council (ITRC) and IRCo met on 12 November in Bangkok to monitor and evaluate a cut back of the Agreed Export Tonnage Scheme (AETS) in October. The outcome of the meeting is satisfactory. The MSC assessed the effectiveness of the cut back that it will help improve NR prices gradually to the end of March 2013 as planned.