

Rubber rises from 3 year low amid debate on export cap

BANGKOK: Rubber rallied from the lowest level in almost three years before a meeting of the world's top three producers to consider export cuts. January-delivery rubber gained 0.9% to end at 209.5 yen a kilogram (\$2,654 a tonne) on the Tokyo Commodity Exchange after settling at the lowest level on Tuesday for the most-active contract since October 2009. Thailand, Indonesia and Malaysia, which represent around 70% of global supply, will discuss plans to limit exports, said Thailand's farm ministry. The International Tripartite Rubber Council meets in Bangkok to find ways to respond to slumping prices, it said in a statement. "We have to see if the meeting will have clear and strong measures to shore up prices," said Chaiwat Muenmee, an analyst at Bangkok-based commodity broker DS Futures Co. "Short-covering" after a decline on Tuesday and US economic data helped boost prices on Wednesday, he said, referring to investors reversing bets on declining prices. Futures lost 20% this year amid concerns over the slowing global economy as the European debt crisis deepened. "Prices have dropped more than would be justified by fundamentals," Yium Tavarolit, chief secretary of the International Rubber Consortium, said by phone. "Demand is still growing. Car sales in China increased on year and Bridgestone's sales in the second quarter expanded," he said. Industrial production in the US probably rose 0.5% last month after a 0.4% gain in June, according to the median forecast of economists in a Bloomberg survey. The January-delivery contract dropped 0.2% to close at 21,335 yuan (\$3,354) a tonne on the Shanghai Futures Exchange.