

High inventory hits rubber; TOCOM rubber seen in 240-250 yen/kg range

By Lewa PardomuanSINGAPORE, June 10 (Reuters) – High rubber inventory in top consumer China and a volatile yen will weigh on benchmark Tokyo futures this week. The most active rubber contract on the Tokyo Commodity Exchange, currently November, slipped to its weakest since mid-April at 242.9 yen a kg on concerns over the strength of the global economy and slowing demand from China. The yen-denominated Tokyo futures have slipped more than 18 percent so far this year. Sentiment is also clouded by China data at the weekend which showed unexpected weakness in May trade and domestic activity struggling to pick up. “I expect TOCOM to trade in a range of 240 to 250 yen this week,” said Lee Chen Hoay, investment analyst at Phillip Futures in Singapore. “With Thailand’s restriction on rubber export ending on May 31 and inventories hovering close to multi-year highs, natural rubber prices are likely to continue to be under pressure for the rest of the second quarter of 2013 before recovering in the second half of 2013.” Rubber inventories in warehouses monitored by the Shanghai Futures Exchange rose 0.1 percent to 114,324 tonnes last week, within sight of their highest in three years. Three of the world’s top rubber-producing countries will meet this week, with main producer Thailand expected to propose new export curbs or measures to limit supply to prop up prices and support farmers. Reuters