

Tokyo rubber futures jump 3 percent as yen weakens (Jan. 18)

TOKYO, Jan 18 (Reuters) – Key TOCOM rubber futures jumped 3 percent early on Friday as the yen weakened to two-and-a-half year lows, with focus shifting to Chinese economic data later in the day for clues on the outlook for demand.

FUNDAMENTALS

* The key Tokyo Commodity Exchange rubber contract for June delivery [0#2JRU](#); was up 6.9 yen, or 2.3 percent, at 312.3 yen per kg as of 0115 GMT.

* The yen weakened as the market expects the Bank of Japan to take bold policy action to tackle deflation at a policy meeting on Jan. 21-22. Citing sources familiar with the central bank's thinking, Reuters reported on Thursday that the BOJ next week will consider removing the 0.1 percent floor on short-term interest rates and commit to open-ended asset buying until the 2 percent inflation target is reached.

* Risk assets rose broadly on Thursday, with the Standard & Poor's 500 Index rallying to a five-year closing high after surprisingly strong U.S. housing and labour market data. While strong demand at a Spanish debt auction eased concerns about the euro zone's debt woes.

* Investors are awaiting China's gross domestic product data for the last quarter of 2012, due at 0200 GMT, which is expected to show the country's annual economic growth may have quickened to 7.8 percent, snapping seven sessions of weaker expansion.

MARKET NEWS

* The yen languished at two-and-a-half year lows against the dollar on Friday, while Japan's Nikkei share average is seen testing a 32-month high.

* U.S. crude rose on Thursday as financial markets got a boost from the improving U.S. economic data.

DATA EVENTS* The following data is expected on Friday:- 0200 China GDP Q4 – 0200 China Industrial output Dec- 0200 China Retail sales Dec- 0200 China Urban investment Dec- 0900 Italy Industrial orders Nov- 1455 U.S. Reuters/UMich consumer sentiment(Reporting by Yuko Inoue; Editing by Joseph Radford)