

Rubber Declines Amid Yen's Advance, Rising Stockpiles in China

Rubber dropped for a second day to the lowest level in more than a week as Japan's currency climbed, reducing the appeal of yen-denominated contracts, and on concern that reserves in China are increasing.

The contract for delivery in August fell as much as 2.7 percent to 284.5 yen a kilogram (\$2,967 a metric ton) on the Tokyo Commodity Exchange, the lowest most-active price since March 5. It traded at 285.1 yen at 10:51 a.m. in Tokyo after losing 2.9 percent yesterday.

The yen gained against its major peers before announcements by parties on their stance on nominees to lead the Bank of Japan, including Haruhiko Kuroda as governor. The yen has dropped against the dollar this year amid expectations that the new BOJ leadership will boost cash infusions to end deflation.

"The rubber market is under pressure," said Kazunori Kokubo, managing director at Yutaka Shoji Singapore Pte. "Recently, the Shanghai rubber market looks very weak. Looks like stocks are heavy."

The yen gained 0.1 percent to 95.96 per dollar. A stronger yen makes the commodity traded in Tokyo that's used to make tires and gloves more expensive for holders of other currencies.

Inventories in China, the largest user, jumped to 107,481 tons, the highest level in three years, based on a survey of nine warehouses in Shanghai, Shandong, Yunnan, Hainan and Tianjin, the Shanghai Futures Exchange said March 8. Stockpiles in Japanese warehouses rose 3.8 percent to 11,363 tons on Feb. 28, the Rubber Trade Association of Japan said March 11.

The contract for September delivery fell as much as 0.8 percent to 23,065 yuan (\$3,708) a ton in Shanghai, the cheapest since Sept. 13, before rebounding. Thai rubber free-on-board lost 0.8 percent to 90.30 baht (\$3.05) a kilogram yesterday, according to the Rubber Research Institute of Thailand.