

Rubber Drops Most Since November on Strengthening Yen, Weak Oil

Rubber slumped by the most in more than two months as the Japanese currency advanced and crude oil traded near a one-week low, cutting the appeal of the commodity used in tires.

Rubber for delivery in June plunged as much as 3 percent to 302.8 yen a kilogram (\$3,430 a metric ton) on the Tokyo Commodity Exchange. That's the biggest drop for the most-active contract since Nov. 5. Futures traded at 302.9 yen at 12:33 p.m.

The yen gained against the dollar for a second day amid speculation the Bank of Japan will fail to impress investors with extra policy measures at its Jan. 21-22 meeting. A stronger Japanese currency reduces the appeal of yen-based contracts. Crude, used to make synthetic rubber, traded near the lowest in almost a week after slipping the most in a month yesterday.

"A series of negative factors including the strengthening yen pressured rubber prices," said Chaiwat Muenmee, an analyst at DS Futures Co. in Bangkok.

BOJ Governor Masaaki Shirakawa and his fellow board members will review the central bank's 1 percent inflation goal at their policy meeting next week. Prime Minister Shinzo Abe has called for the target to be doubled and said on Jan. 13 that he wants a BOJ chief "who can push through bold monetary policy."

Rubber for delivery in May fell 0.2 percent to 25,425 yuan (\$4,090) a ton on the Shanghai Futures Exchange. Thai rubber free-on-board dropped 0.5 percent to 101.20 baht (\$3.38) a kilogram yesterday, according to the Rubber Research Institute of Thailand.