

## **Rubber Advances for Second Day as China May Step Up Purchases**

Rubber climbed for a second day, nearing an eight-month high reached Jan. 7, as speculation grew that China, the world's biggest consumer, will step up purchases before holidays next month.

Rubber for delivery in June advanced as much as 1 percent to 308.6 yen a kilogram (\$3,528 a metric ton) on the Tokyo Commodity Exchange and was at 306.7 yen at 10:33 a.m., extending this year's rally to 1.4 percent.

China boosted natural rubber imports by 15 percent to 3.28 million tons last year, according to Association of Natural Rubber Producing Countries. Imports are likely to keep rising as expanding car sales boost demand for tires, said Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo.

"The market is supported by speculation that Chinese buyers will step up raw-material purchases before the New Year holiday," he said by phone today.

Natural-rubber inventories monitored by the Shanghai Futures Exchange gained 1,770 tons to 97,697 tons last week, the highest level since March 2010. China's markets are closed in the week beginning Feb. 11 for the holiday.

Gains were limited as the dollar's rally against the Japanese currency has stalled, weakening the appeal of yen-denominated contracts, Saito said. The yen traded at 87.21 per dollar after reaching a 30-month low of 88.41 on Jan. 4.

Rubber for delivery in May lost 0.2 percent to 26,120 yuan (\$4,196) a ton on the Shanghai Futures Exchange. Thai rubber free-on-board fell 1 percent to 101.35 baht (\$3.33) a kilogram yesterday, according to the Rubber Research Institute of Thailand.