

IRCo – Market Watch: 16 – 20 April 2012

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The Movements of Global Stocks, Finance and Energy

Disappointing U.S. economic data weighed on Asian stock markets on Friday, but the Shanghai market rose to a one-month high, boosted by expectations of further policy easing. South Korea's Kospi led the region lower with a 1.3% loss, while Japan's Nikkei Stock Average fell 0.3% and Australia's S&P/ASX 200 edged up 0.1%. Hong Kong's Hang Seng Index gained 0.1%, India's Sensex declined 1.0% and China's Shanghai Composite Index rose 1.2% to 2,406.86, the highest since 2,410.18 on March 19.

European stocks finished higher on Friday, with banks gaining ground after a surprise rise in a German business-climate index, while BP PLC lost ground after a fresh oil-spill claimed audit. The Stoxx Europe 600 index closed up 0.5% at 257.79. The German DAX 30 index rose 1.2% to 6,750.12, and gained 2.5% for the week. The U.K.'s FTSE 100 index, added 0.5% to close at 5,772.15 while the French CAC 40 index added 0.5% to 3,188.58, buoyed by solid gains for banks.

Better-than-forecast quarterly reports from Microsoft and General Electric pushed blue chips to their first weekly gain this month, but Apple's slide led the technology-oriented Nasdaq into the red. The Dow Jones Industrial Average rose 65.16 points, or 0.5%, to 13,029.26. The Standard & Poor's 500-stock index advanced 1.61 points, or 0.1%, to 1,378.53. Both benchmarks snapped two-week losing streaks. For the week, the Dow climbed 1.4% this week, and the S&P 500 added 0.6%.

The euro also rallied against the dollar on Thursday, touching its highest level since 4 April, as concerns about Spain's fiscal troubles subsided and the International Monetary Fund successfully raised more resources. The euro was at US\$1.3215 from US\$1.3138 late Thursday. The common currency was at Y107.83 from Y107.20. The dollar was at Y81.53 from Y81.60 and at CHF0.9092 from CHF0.9149.

Crude-oil futures ended higher on Friday, rising with stock markets and helped by a falling dollar, as improving economic data in Europe led to some hopes for strengthening energy demand. Light, sweet crude for May delivery settled 78 cents, or 0.8%, higher at US\$103.05 a barrel on

the New York Mercantile Exchange. The May contract expired at settlement on Friday, and futures for June delivery settled US\$1.16 higher at US\$103.88 a barrel, according to Dow Jones Newswires.

Rubber Markets

The table below shows that rubber futures and physical markets in Asia fluctuated in narrow range throughout the week as the slowdown in China's economic growth in 1Q12 and concerns about the ailing European economy at the present time still weighed on investor confidence and caused them to stay on the sidelines of the rubber market with caution.

At the same time, natural rubber (NR) supplies in physical markets from Thailand and Malaysia remained tight as the wintering season is not over yet. And some rubber reports said there were ample NR supplies from southern Sumatra, Palembang, which attracted Chinese buyers to make orders to replenish their declining stocks in the country.

Rubber players tried to figure out how much the Thai government has bought NR to prop up prices under its Price Support Scheme which brought an unclear picture to rubber players like many people tried to play around with figures of NR stocks in Qingdao's bonded warehouses. Moreover, it was noticeable that crude oil futures and the Japanese yen stayed rather flat during the week and they didn't have much influence on the rubber market as a whole.

IRCo's technical MACD and Signal Line continued to fall deeper in negative territory on Friday, comparing with an earlier Friday, while its RSI also fell further from 29.55% on an earlier Friday to 13.31% on Friday.

We can only expect that there might be a market rebound on rubber futures in the coming week amid weak market sentiment and a very low technical RSI of IRCo whereas NR prices on physical markets in Thailand should stay steady due to supply disruption by unexpected heavy rains in the South of the country late last week and the continuation of its NR Price Support Scheme.