

Tokyo futures fall as euro zone debt crisis erodes confidence (Dec 19)

KUALA LUMPUR, Dec 19 (Reuters) – Tokyo rubber futures fell on Monday, reversing some of the previous session’s gains, as the possibility that the credit ratings of several European countries may be cut heightened concern that global economic growth will be slow next year.

FUNDAMENTALS

- * The benchmark rubber contract on the Tokyo Commodity Exchange for May delivery lost 1.7 yen, or 0.63 percent, to 269 yen (\$3.46) per kg at 0215 GMT.
- * Prices fell 3.2 percent last week in the second straight week of declines as Europe’s two-year debt crisis drags on, heightening concern consumer demand in emerging markets including China will falter.
- * Japanese automaker Toyota Motor Corp is expected to produce fewer vehicles next year than it had initially told suppliers to expect, due to weakening demand in Europe and elsewhere, the Nikkei business daily reported on Saturday, without quoting sources.
- * The world’s top three rubber producers — Thailand, Indonesia and Malaysia — aim to launch a regional rubber market to set realistic prices and cushion farmers from volatility in futures prices, a senior official said on Thursday.
- * China and India snapped up rubber from Malaysia to replenish stocks, a few cargoes of Thai grades changed hands among trade houses, but Indonesia was reluctant to sell prompt cargo due to supply constraints, dealers said last week.
- * China will impose punitive duties of up to 22 percent on large cars and SUVs exported from the United States, China’s Commerce

MARKET NEWS

- * Asian stocks fell on Monday on fears possible credit rating downgrades of several European countries could derail progress towards resolving the euro zone’s debt crisis, while the euro steadied after its worst weekly performance in three months.
- * MSCI’s broadest index of Asia Pacific shares outside Japan fell 0.7 percent on Monday, while Tokyo’s Nikkei stock average opened down 0.5 percent.
- * Fitch Ratings warned on Friday it may downgrade France and six other euro zone countries, saying a comprehensive solution to the region’s debt crisis was “technically and politically beyond reach”.
- * European policy makers made some progress in pursuing fiscal consolidation in Europe at a key summit meeting earlier in the month. Markets will wait for the outcome of a finance ministers’ teleconference from 1430 GMT on Monday.
- * Gold prices traded steady on Monday after their biggest weekly loss in nearly three months, with investors focused on the euro zone after Fitch threatened to downgrade France.
- * Oil edged lower in volatile trading on Friday, posting a second consecutive weekly loss, as caution about Europe’s debt crisis and year-end positioning continued to spark selling into rallies. Brent crude edged down 0.5 percent to \$102.87 a barrel on Monday.
- * A rally in U.S. stocks fizzled, leaving major indexes with modest gains on Friday, as Wall Street was torn between hope that U.S. economic data signals better times ahead and fear Europe’s debt crisis will engulf world economies.
- * The 19-commodity Thomson Reuters-Jefferies CRB index lost 3.7 percent in the week ended Friday, the biggest weekly drop since end-September.

DATA/EVENTS (GMT) 1500 U.S. NAHB housing market index Dec