

Rubber Swings as Yen Gains Before Fed Meeting, Crude Oil Rises

Rubber futures in Tokyo swung between gains and losses as Japan's currency weakened against the dollar on prospects the Federal Reserve today will signal the fate of U.S. monetary stimulus. The contract for delivery in November on the Tokyo Commodity Exchange was little changed at 236.3 yen a kilogram (\$2,481 a metric ton) at 11:55 a.m. in Tokyo after trading between 241.5 yen and 235.5 yen. The most-active contract has declined 22 percent this year. Fed Chairman Ben S. Bernanke will speak to reporters at the end of a two-day policy meeting today. He signaled May 22 that the central bank's asset buying program aimed at bolstering the world's largest economy could be scaled back. Oil in New York traded near a nine-month high after an industry report showed U.S. stockpiles dropped last week. Higher oil prices boost the cost of making synthetic rubber. "The focus is on remarks from Bernanke after the policy meeting ends today," Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said by phone today. "The yen could rebound on risk aversion if his comments spur sales of stocks." Higher exports on a weaker yen helps boost the outlook of raw-material demand from Japanese manufacturers, Saito said. Japan's exports surged by the most since 2010 in May as the yen depreciated, the Finance Ministry said today. The yen traded at 95.26 per dollar. Rubber in Tokyo is still poised for a fifth monthly drop as global supply is set to exceed demand for a third year. The contract for delivery in September on the Shanghai Futures Exchange dropped 0.9 percent to 18,020 yuan (\$2,940) a ton. Thai rubber free-on-board dropped 0.6 percent to 85.50 baht a kilogram yesterday, according to the Rubber Research Institute of Thailand. Bloomberg