

Tokyo rubber futures firm, but could struggle to break 10-mth high (Feb. 7)

TOKYO, Feb 7 (Reuters) – Key TOCOM rubber futures firmed on Thursday but could struggle to break through a 10-month high hit the previous day as share prices pare recent gains and with limited trading expected ahead of a European Central Bank policy decision later in the day.

FUNDAMENTALS

* The most-active Tokyo Commodity Exchange rubber contract for July delivery `<0#2JRU:>` was trading at 334.8 yen per kg as of 0026 GMT, up 0.8 yen, or 0.2 percent, from Wednesday's close.

* On Wednesday, a fall in the yen to a 33-month low versus the dollar helped the contract rise as far as 337.8 yen, the highest for any benchmark since late March 2012.

* The ECB is unlikely to contemplate an interest rate cut at Thursday's policy meeting despite the euro's sharp rise, but its chief almost certainly faces a grilling afterwards over an Italian banking scandal.

* Japan's core machinery orders rose 2.8 percent in December, up for a third straight month, government data showed on Thursday, in a sign a global economic recovery and a weaker yen will encourage companies to increase capital spending.

* Markets in China will be closed for a week starting on Feb. 9 for the Lunar New Year holiday.

MARKET NEWS

* Japan's Nikkei share average fell early on Thursday as investors locked in some profits after the market jumped to a four-year high the previous day.

* The dollar took a breather against the yen on Thursday, retreating to 93.59 yen from a 33-month peak around 94.08 marked the day earlier.

* Brent crude oil futures posted a modest rise on Wednesday on economic optimism, while U.S. crude prices slipped after data showed an unexpected rise in U.S. crude oil inventories.

DATA EVENTS* The following data is expected on Thursday: (GMT)0530 India 2011/12 GDP0745 France Trade data1100 Germany Industrial output1200 Britain BOE rate decision1245 Euro zone ECB rate decision1330 ECB President Mario Draghi gives news conference1330 U.S. Weekly jobless claims2000 U.S. Consumer creditN/A EU Summit in Brussels(Reporting by Risa Maeda; Editing by Joseph Radford)