

Rubber Falls to Seven-Week Low on Strong Yen, Demand Concerns

Rubber declined for a third day to a seven-week low as a strengthening Japanese currency reduced the appeal of yen-denominated contracts and on concern that slowing economies will cut demand. The contract for delivery in November on the Tokyo Commodity Exchange fell as much as 1.7 percent to 243.6 yen a kilogram (\$2,514 a metric ton), the lowest level since April 18. Futures extended losses for this year to 19 percent. Japan's currency appreciated this week after Prime Minister Shinzo Abe failed to impress investors in a speech this week detailing his growth strategy. U.S. jobless claims declined last week before a report today projected to show payrolls grew, fueling debate over whether the Federal Reserve will scale back bond purchases. "Concerns over economic slowdown and the strong yen hurt the market sentiment," said Gu Jiong, an analyst at commodity broker Yutaka Shoji Co. "The weak mood on the Shanghai market spilled over to Tocom, prompting investors to sell the commodity." China's outbound shipments may have grown 7.1 percent in May from a year earlier, less than half the previous month's reported 14.7 percent, based on the median estimate of 34 economists ahead of data due June 8. Import growth probably slowed to 6.9 percent from April's 16.8 percent, a Bloomberg News survey showed. Rubber for delivery in September on the Shanghai Futures Exchange was little changed at 18,260 yuan (\$2,975) a ton. Thai rubber free-on-board dropped 0.3 percent to 87.90 baht (\$2.87) a kilogram yesterday, the lowest level since May 3, according to the Rubber Research Institute of Thailand. Senior officials from Thailand, Indonesia, Malaysia will meet next week to discuss measures to limit supply and reduce price volatility, said Suwit Chaikiattiyos, deputy director-general at Department of Agriculture, who is a Thai representative in International Tripartite Rubber Council. Bloomberg