

Rubber Tumbles to Nine-Month Low on Concern China Demand to Slow

Rubber declined to a nine-month low amid concerns that an economic slowdown in China, the biggest buyer, will reduce demand for the commodity used in tires. The contract for delivery in November on the Tokyo Commodity Exchange plunged as much as 4.2 percent to 228 yen a kilogram (\$2,345 a metric ton), the lowest level since September, at 10:06 a.m. local time. Futures are heading for a sixth weekly fall and have lost 24 percent this year. Commodities from gold to crude oil slumped amid concern the Federal Reserve will phase out stimulus and China's economic slowdown may deepen as a cash crunch worsens. Asian stocks also fell, with the regional benchmark MSCI Asia Pacific Index heading for its biggest two-day decline since August 2011. "All risky assets declined yesterday, forcing many market players to close their positions," said Naohiro Niimura, a partner at research company Market Risk Advisory Co. in Tokyo. The MSCI All-Country World Index of global equities plunged the most in 19 months yesterday after Fed Chairman Ben S. Bernanke said bond buying that has fueled gains in markets around the world may be trimmed this year and ended in 2014 should risks to the U.S. economy continue to decrease. China consumed 3.85 million tons of natural rubber last year, representing 34 percent of global consumption, according to the International Rubber Study Group. The contract for September delivery on the Shanghai Futures Exchange lost as much as 4.3 percent to 17,000 yuan (\$2,774) a ton, the lowest since 2009. Thai rubber free-on-board was unchanged at 86.50 baht (\$2.77) a kilogram yesterday, according to the Rubber Research Institute of Thailand.