

## **Rubber Trades Near Lowest in Nine Months on China Demand Concern**

Rubber declined, heading for a fifth monthly loss, amid concern that demand may weaken from China, the world's largest consumer of the commodity used in tires. The contract for delivery in November on the Tokyo Commodity Exchange fell as much as 1.3 percent to 233.3 yen a kilogram (\$2,376 a metric ton), nearing a nine-month low of 228 yen reached on June 21. Futures traded at 234.1 yen at 11:17 a.m., extending losses for this month to 9 percent. Goldman Sachs lowered its forecast for China's gross domestic product to 7.4 percent in 2013 from 7.8 percent, citing soft cyclical signals and recent tightening of financial conditions. The bank also cut China's growth forecast for 2014 to 7.7 percent from 8.4 percent. Rubber futures in Shanghai traded near the lowest level in more than three years. "Bearish sentiment in Shanghai spilled over into the Tokyo market," Hideshi Matsunaga, an analyst at broker ACE Koeki Co., said by phone today. 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 declined 1.4 percent to 17,255 yuan (\$2,810) a ton. It slid to 17,000 yuan on June 21, the lowest level since 2009. Natural-rubber inventories rose for a third week by 48 tons to 114,556 tons, based on a survey of nine warehouses in Shanghai, Shandong, Yunnan, Hainan and Tianjin, the bourse said June 21. Thai rubber free-on-board dropped 0.6 percent to 85.95 baht (\$2.76) a kilogram June 21, according to the Rubber Research Institute of Thailand. Bloomberg