

## IRCo Market Watch (16 - 20 July 2012)

By Yium Tavarolit    The Movements of Global Stocks, Finance and Energy    Weak U.S. employment data, better-than-expected earnings of IBM and Google shares, and expectations of further U.S. monetary stimulus led Asian stock markets to close mixed on Friday. Hong Kong's Hang Seng Index was up 0.2% to 19,640.80, while the Shanghai Composite was less than 0.4% lower at 2,168.64. South Korea's Kospi was up 0.1%, and Australia's S&P ASX 200 gained less than 0.1%, keeping most of its strong 2% rise on Thursday; and Singapore's Straits Times Index fell 0.4%. A plunge in Spanish equities as government bonds soared on Friday weighed on European stock markets. The Stoxx 600 Europe index fell 1.4% to close at 258.17, paring the benchmark's weekly gain to 0.8%. Spain's IBEX 35 index plunged 5.8% to 6,246.30. Among major indexes, the France's CAC 40 stock dropped 2.1% to 3,193.89 in Paris, while the German DAX 30 shed 1.9% to 6,630.02 and the U.K.'s FTSE 100 fell 1.1% to 5,651.77. The plunge in Spanish equities also weighed on Wall Street and pulled down the three Indexes on Friday. The Dow Jones Industrial Average shed 120.79 points, or 0.9%, to 12,822.57, and the Standard & Poor's 500-stock index dropped 13.85 points, or 1%, to 1,362.66. The Nasdaq Composite Index lost 40.60 points, or 1.4%, to 2,925.30. The euro tumbled to multiyear lows against the dollar, yen and other major currencies on Friday, amid growing concern that Spain's government could require financial help from its euro-zone neighbors. The euro fell to Y95.43 from Y96.5 and to 0.7771 pounds late Thursday. In the meantime, the dollar weakened slightly against the yen, recently trading at Y78.48 from Y78.59. Profit-taking, a stronger dollar, and revived concerns about the euro zone pulled back crude oil futures on Friday. Front-month Nymex crude futures for August settled at US\$91.44, down US\$1.22, or 1.3%. The August WTI contract expired on Friday. September WTI crude futures settled at US\$91.83, down US\$1.14 for the day. Front-month Brent oil futures settled at US\$106.83, down 97 cents, Dow Jones Newswires reported. Rubber Market Rubber futures and physical rubber markets in Asia, except for Tokyo Commodity Exchange, trended upwards during Monday and Thursday on the back of a consecutive improvement in crude oil futures, an affirmation by the Thai government to support US\$3 at above 100 Baht/kg, and expectations of further U.S. monetary stimulus in the near future. On Friday, rubber futures and physical rubber markets retreated slightly mainly due to long liquidations on rubber futures and a fall in crude oil futures that weighed on physical rubber markets in the region. In contrast to Tokyo Commodity Exchange, the most active rubber contract on the Shanghai Future Exchange for January 2013 delivery bucked the fall and settled higher at 24,270yuan/ton or US\$3,810 per ton. Overall, the table below shows that the rubber market improved marginally on Friday comparing with an earlier Friday. As expected, IRCo's technical MACD and Signal Line improved slightly on Friday comparing with an earlier Friday. However, IRCo's RSI retreated from 48.80% on an earlier Friday to 37.92% on Friday. That means short selling still weighed on short-covering on Friday. But the situation might be reversed in the coming week if there are some incoming positive information and data, which can restore rubber market confidence. Please be

reminded that natural rubber (NR) supply to the three central rubber markets in southern Thailand has not improved yet, e.g. during 16 – 20 July was 1,236 tons, or down 34.19%, compared with during 9 – 13 July. It is expected that an erratic rainy season in southern Thailand will surely cause uncertainty of NR supply for the rest of the year. Furthermore, NR supply from Indonesia and Malaysia to the rubber market will start declining from the beginning of the coming week until the third week of August as rubber farmers in the two countries, who are mostly Muslims, fast during the Ramadan.