

Rubber Set for Quarterly Gain as Stimulus Speculation Increases

Rubber advanced to a one-week high, extending a quarterly rally, as speculation increased that governments worldwide will take additional measures to bolster growth after data showed a further slowdown in economies.

March-delivery rubber rose as much as 2.4 percent to 260.8 yen a kilogram (\$3,362 a metric ton), the highest level since Sept. 20, before trading at 259.6 yen on the Tokyo Commodity Exchange at 10:27 a.m. The most-active price has gained 8.1 percent this quarter, paring this year's loss to 1.4 percent. It's 19 percent higher this month, the first gain in seven.

Most Asian stocks rose and oil climbed, set for the best quarter this year, after reports showing deflation in Japan and shrinking output in South Korea raised speculation governments will do more to spur growth. Spain has pledged to meet a deficit target, spurring prospects it will qualify for an international rescue that will help to stem Europe's debt crisis.

"Rubber chased a rally in oil and stocks as concerns eased over the European crisis and speculation grew for additional stimulus," Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said today by phone.

Japan's consumer prices in August matched the steepest decline in 16 months, and the nation's industrial production fell more than economists forecast, while output in South Korea dropped for a third month, according to data released today.

Futures were also supported by a plan of the world's three largest producers to reduce exports from October to buoy prices, Saito said. Thailand, Indonesia and Malaysia, representing 70 percent of global output, have agreed to cut supply by 450,000 tons by curbing shipments and destroying aging trees.

January-delivery rubber rose 1 percent to 24,330 yuan (\$3,860) a ton on the Shanghai Futures Exchange, poised for a quarterly advance. Thai rubber free-on-board was unchanged at 96.65 baht (\$3.12) a kilogram yesterday, Rubber Research Institute of Thailand data show.