

Rubber Declines to 7-Week Low as China's Auto Sales Growth Slows

Rubber declined to a seven-week low as China's passenger-vehicle sales rose at a slower pace in May, raising concern that demand may weaken from the world's largest consumer of the commodity used in tires. The contract for delivery in November lost as much as 1.3 percent to 242.9 yen a kilogram (\$2,479 a metric ton), the lowest level since April 18. Futures traded at 245.9 yen on the Tokyo Commodity Exchange at 12:01 p.m., extending this year's losses to 19 percent. Wholesale deliveries of cars, multipurpose and sport utility vehicles increased 9 percent to 1.4 million units in May, according to the state-backed China Association of Automobile Manufacturers yesterday. That compares with growth of 13 percent in April and 13.3 percent in March. "The Chinese data raised speculation that weakening demand may push down rubber prices further," Takaki Shigemoto, an analyst at research company JSC Corp. in Tokyo, said by phone. Losses in futures were limited as Japan's currency weakened to 98.43 per dollar, raising the appeal of yen-denominated contracts, he said. The dollar rose before Federal Reserve of St. Louis President James Bullard speaks today amid speculation the central bank will slow monetary stimulus as the economy improves. Thai rubber free-on-board dropped 0.6 percent to 87.40 baht (\$2.85) a kilogram on June 7, the lowest level since May 3, according to the Rubber Research Institute of Thailand. The Shanghai Futures Exchange is closed for a holiday. Senior officials from Thailand, Indonesia, Malaysia will meet this week to discuss measures to limit supply and reduce price volatility, according to Suwit Chaikiattiyos, deputy director-general at Department of Agriculture, who is a Thai representative in International Tripartite Rubber Council. Bloomberg