

IRCo – Rubber Market Watch: 11 – 15 February 2013

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The Movements of Global Stocks, Finance and Energy

Most Asian stocks stayed in a downtrend during the week led by Japan's Nikkei 225 index, which closed lower at 11,173.83 on Friday as the Japanese yen strengthened against the dollar caused by investor concerns about the G-20 meeting in the weekend while Shanghai Stock Exchange was closed for the whole week. Hong Kong's Hang Seng index settled higher at 23,444.56 on Friday after its resumption on Thursday. Australia's ASX200 index trended upwards and ended higher at 5,033.92 on Friday. The Stoxx Europe 600 index fluctuated in a narrow range before it would close higher at 287.34 on Friday compared with its settlement index on Monday despite a report on the contraction in 4Q12's GDP growth of the euro-zone. France's CAC 40 index and the U.K's FTSE 100 index closed higher at 3,660.37 and at 6,328.26 on Friday, but the German DAX index finished lower at 7,593.51 on the same day. The Dow Jones Industrial Average stayed in a marginal uptrend during the week and closed higher at 13,981.76 on Friday. Meanwhile, the Standard & Poor's 500-stock index eased 1.59 points, or 0.1%, to 1,519.79, rounding out its seventh-straight weekly advance, the longest such stretch since January 2011. But the Nasdaq Composite index was rangebound during the week and ended at 3,192.03 on Friday. The euro weakened against the dollar during the week dampened by reporting of the continued GDP contraction in the euro-zone's 4Q12 and was at \$1.3362 on Friday while the Japanese yen strengthened slightly against the dollar at ¥93.48 on the same day in New York as forex traders worried that a G-20 summit in Moscow in the weekend would address the recent weakness in the Japanese currency. Crude oil futures stayed in a downtrend during the week after the EIA said on Wednesday it cut its global crude oil demand for 2013 in the wake of existing weak global economic growth. On Friday, light, sweet crude oil for March delivery on the New York Mercantile Exchange settled lower by \$1.45, or 1.5%, at \$95.86 a barrel. Brent futures on the Intercontinental Exchange settled 19 cents, or 0.2%, lower at \$117.66 a barrel, according to Dow Jones Newswires.

Rubber Markets

Rubber markets in Asia were subdued during the week as Chinese traders left the markets to celebrate a week-long Lunar New Year holiday, and Tokyo rubber futures were closed for a public holiday on Monday. At the same time, a firmer Japanese yen during the week and a release of the contracting GDP growth figure in 4Q12 of the euro-zone on Thursday were the main factors, which influenced market players on rubber futures in the region to liquidate their contracts throughout the week. These resulted in the falls of natural rubber (NR) prices on both rubber futures and physical rubber markets on Friday compared with an earlier Friday. Nonetheless, the current NR supply tightness in the major producing countries, i.e. Thailand, Indonesia, and Malaysia still supported NR prices to a certain level during the week. IRCo's technical MACD still stayed in positive territory, but its Signal line slid into negative territory on Friday. IRCo's RSI also fell to 51.72% on Friday from 55.71% on an earlier Friday. It means that the said technical indicators stay at a neutral zone and await an influence of

rubber market sentiment and fundamentals to move them up or down in the coming week. Considering the current weakening in the Japanese yen, firm Dow Jones Industrial Average, the current NR supply tightness in the major producing countries, and Chinese traders' return to rubber markets in the coming week, these should be the main positive factors that will shore up rubber market sentiment and NR prices amid some profit-taking on rubber futures in the region in the coming week.