Futures rubber rally in Asia on Fed move, Thai intervention (Sept 14)

* TOCOM rubber heads for biggest weekly gain since Jan

* Shanghai rubber hits limit up, SICOM rallies

* Fed launches another stimulus programme

By Lewa Pardomuan

SINGAPORE, Sept 14 (Reuters) – Rubber futures rallied in Asia on Friday, with the global benchmark in Tokyo heading for its biggest weekly gain since January on hopes the U.S. Federal Reserve's new economic stimulus would support growth and boost raw material demand.

Shanghai futures hit limit up, and the assurance from main producer Thailand it would buy more rubber from farmers to boost prices also lifted the front-month contract on Singapore's SICOM by more than 4 pct, its biggest daily gain since December.

The Fed said it will buy $40 billion worth of mortgage debt a month until the U.S. jobs market improves, reviving the appeal of risky assets that have suffered for months from uncertainty on the global economic outlook.

"We see there's a change in sentiment in the rubber market. Rubber may be in the spotlight at the moment," said Ker Chung Yang, an investment analyst at Phillip Futures in Singapore, who pegged the next resistance at 260 yen a kg on Tokyo futures.

"We have the Thai government which is willingly committed to the purchase and there's also an earlier promise they are going to cut down on exports. It's pretty much quite supportive for the market."

The most active rubber contract on the Tokyo Commodity Exchange (TOCOM), currently February 2013, rose as high as 255.6 yen per kg, up 5.8 percent, or 14 yen, moving away from a 3-year low struck in mid-August.

But Tokyo futures were still well below a lifetime high at 535.7 yen hit in February last year, when it was weighed down by worries the debt crisis in Europe and a slowdown in China could curb demand for rubber.

Weaker Tokyo futures had also weighed on the price of tyre grades in Southeast Asia, prompting Thailand to launch a 15 billion baht ($486 million) scheme in early 2012 to buy rubber from farmers.

A Thai government official said on Thursday that rubber inventories held by the government have risen to 100,000 tonnes and could go higher as the government plans to step up its intervention scheme.

"We broke the resistance of 250 yen, so there's a chance the market will go higher. The next target is around 270 yen. It may touch that level," said a dealer in Kuala Lumpur.

“The concerted effort by the three producers to cut exports, the next round of quantitative easing, and uncertainty in the Middle East are supporting prices. High crude oil will make the price of synthetic rubber more expensive.”

Thailand, Indonesia and Malaysia agreed in August to cut down rubber trees and trim exports by 300,000 tonnes, or about 3 percent of global production this year, to shore up prices hit by a faltering global economy.

Gold, copper and oil hit multi-month highs on Friday after the Fed’s aggressive moves to stimulate the world’s top economy drove expectations of higher global demand for raw materials and a heightened need to hedge inflation risks.

Key Shanghai rubber futures rose to a daily limit of 24,675 yuan per tonne in early trade. The front-month October rubber contract on Singapore’s SICOM exchange was last traded at 285 U.S. cents a kg, up 12.20 cents.

($1=30.82 baht)

(Additional reporting by Yuko Inoue in TOKYO; editing by Miral Fahmy)