

## Tokyo Futures Drop 2 Pct on Europe Worries, Firmer Yen

Key TOCOM rubber futures fell about 2 percent on Friday (Feb 15), unsettled by worries about a deepening recession in Europe and a firmer yen ahead of the G20 meeting, where the currency's recent drop may be criticised by some of Japan's peers.

**FUNDAMENTALS**

The most-active Tokyo Commodity Exchange rubber contract for July delivery was trading at 323.9 yen per kg as of 0050 GMT, down 7.1 yen, or 2.2 percent, from the previous close. Last week, a fall in the yen versus the U.S. dollar helped the contract rise as far as 337.8 yen, the highest for any benchmark since late March 2012.

Canadian vehicle sales could reach an all-time high this year, topping the near-record 1.7 million vehicles the industry sold in 2012, automotive executives said on Thursday (Feb 14).

General Motors Co reported a weaker-than-expected fourth-quarter profit on Thursday (Feb 14), citing wider losses in Europe and lower vehicle prices plus higher costs in its core North American market.

Sumitomo Rubber Industries, Japan's second-biggest tyre maker, said it expected group production to rise by about 5 percent to 102.17 million tyres, or 554,000 tonnes of rubber equivalent in 2013.

The euro zone slipped deeper than expected into recession in the last three months of 2012 after its largest economies, Germany and France, shrank at the end of a wretched year for the region.

Markets in China are closed this week for the Lunar New Year holiday.

**MARKET NEWS**

Japan's Nikkei share average dropped 0.7 percent at Friday's (Feb 15) open. The dollar retreated to around 93 yen, a day after the Bank of Japan kept monetary policy steady and revised up its assessment of the economy. Still, it was near a 33-month high around 94.47 set on Monday (Feb 11).

U.S. crude futures were steady above \$97 a barrel on Friday (Feb 15), holding a slight gain from the day before on encouraging U.S. jobless data and concerns over U.S. gasoline supply.