

## IRCo Market Watch (21 - 25 Jan. 2013)

By Yium TavarolitThe Movements of Global Stocks, Finance and EnergyMost Asian stocks fell on Friday after the iPhone maker reported its weakest sales since 2009, and some investors speculated shares may have risen too far and too fast. The Shanghai Composite lost 0.5% to 2,291.30 as investors took profit in the banking sector after the Index touched a near eight-month high on Thursday while the Hang Seng Index fell 0.1% to 23,580.43 in Hong Kong. The Nikkei jumped 2.9%, to 10,926.65 supported by a weaker yen, and the Australian S&P/ASX 200 rose 0.5% to 4,835.20. South Korea's Kospi fell 0.9% to 1,946.69 as investors fretted over the weak yen and its impact on local exporters.European stocks posted a weekly gain, rising to a 23-month high on Friday, as German investor confidence climbed to the highest in two years and a half, U.S. lawmakers voted to temporarily suspend the government's borrowing limit, and European Central Bank President Mario Draghi gave encouraging comments that cheered investors. The Stoxx Europe 600 Index gained 0.3% to 289.72, closing at its highest level since February 2011. The German DAX 30 Index rallied 1.4% to 7,857.97, the highest close since January 2008. The U.K.'s FTSE 100 Index rose 0.3% to 6,284.45 and up 2.1% on the week. France's CAC 40 Index rose 0.7% to 3,778.16, marking a 1% weekly gain.U.S. stocks rose for the week, capping the longest stretch of daily gains since 2004, amid better-than-estimated corporate earnings and economic data as lawmakers voted to temporarily suspend the federal debt limit. On Friday, the Dow Jones Industrial Average advanced 70.65 points, or 0.5%, to 13,895.98. The Nasdaq Composite Index gained 19.33 points, or 0.6%, to 3,149.71. The Standard & Poor's 500-stock Index tacked on 8.14 points, or 0.5%, to 1,502.96, its highest close since 10 December 2007.The euro strengthened against the dollar during the week and hit an 11-month high against the dollar on Friday after the European Central Bank said banks will hand back a greater amount of loans than analysts estimated, and German business confidence rose for a third month in January. Meanwhile, the dollar strengthened to its highest level since June 2010 against the yen, after Japan's vice finance minister said the government would take "appropriate action, if necessary" to weaken the country's currency. On Friday, the yen weakened to around Y90.90 per dollar, but the euro strengthened to around 0.7427 per dollar.Crude oil futures moved in a narrow range during the week amid a stronger euro, a weaker yen, and mixed U.S. economic signals. Light, sweet crude oil for March delivery on the New York Mercantile Exchange settled 7 cents lower at \$95.88 a barrel on Friday, according to Bloomberg and Dow Jones Newswires.Rubber MarketsA strengthening yen, a fall in Japanese stocks, and profit-taking pulled down the key Tokyo rubber futures contract for June delivery from Monday to Thursday before it rebounded and settled higher at Y311.60/kg (\$3.44/kg) on Friday, mainly supported by a weaker yen against the dollar and a rebound in the Japanese stocks.

In contrast, the most active Shanghai rubber contract for May delivery rose consecutively from Monday to Thursday before it fell to settle at 25,705 yuan/ton (\$4,132) on Friday. We considered that market players in Shanghai rubber futures followed steady buying for prompt shipment

on physical markets from Monday to Wednesday before they took profits for the rest of the week amid a fall in the Shanghai Stock Exchange during the week except on Tuesday. On the physical front, natural rubber (NR) prices stayed rather steady throughout the week in Asian markets as anticipated last Friday because we think tire manufacturers and Chinese importers want to stockpile NR to certain levels ahead of the weeklong Chinese Lunar New Year holiday early next month and before a fully dry wintering season in NR producing countries will fully come next month.

IRCo's technical MACD still pulled down its Signal Line in positive territory on Friday while its RSI also fell to 45.31% on Friday from 58.06% on an earlier Friday as market players continued liquidating their long positions on rubber futures, which influenced technical charts to remain in their downward trend, to avoid any downside risk during the weeklong Chinese Lunar New Year holiday to come. There is still some room for IRCo's RSI to go down further in the coming week as technical charts are more likely to remain in their downward trend, and market players are expected to continue liquidating their long positions until the mentioned holiday comes. Nonetheless, NR prices on physical markets should stay steady or might fluctuate in a narrow range in the coming week because rubber market sentiment and fundamentals as a whole have been improving since last mid November.