

## Tokyo rubber futures edge down on profit-taking (Jan. 21)

TOKYO, Jan 21 (Reuters) – Key TOCOM rubber futures fell on Monday on profit-taking after a 3 percent rally in the previous session, but falls were limited as investors braced themselves for a possible rise in volatility in the currency market as the Bank of Japan starts a policy meeting.

### FUNDAMENTALS

\* The key Tokyo Commodity Exchange rubber contract for June delivery <#2JRU> was down 0.8 yen or 0.3 percent, at 315.5 yen as of 0012 GMT.

\* On Friday, the contract rallied on a fall in the yen and rose as high as 316.5 yen, not far from a 9-month peak of 321.0 yen marked on Jan 11, before ending the day at 316.3 yen.

\* Citing sources familiar with the central bank's thinking, Reuters reported on Friday that the BOJ will at its Jan. 21-22 meeting consider making an open-ended commitment to buy assets until a 2 percent inflation target is in sight.

\* Rubber inventories in warehouses monitored by the Shanghai Futures Exchange were down 0.1 percent on Friday compared to the week before, marking the first drop in several months.

\* Beijing is to unveil unprecedented new rules governing how China's capital reacts to hazardous air pollution, the official Xinhua news agency said on Sunday, as deteriorating air quality threatens to become a rallying point for wider political dissatisfaction.

\* The U.S. financial markets are closed on Monday for the Martin Luther King Jr. holiday.

### MARKET NEWS

\* The yen sank to a fresh 2-1/2-year low against the dollar on Monday with investors giving the currency a wide berth in the lead up to a Bank of Japan meeting that could see the central bank commit to aggressive reflationary policy.

\* Japan's Nikkei share average edged down at Monday's open after expectations the central bank will take aggressive measures against deflation helped to push the benchmark last week to a 32-month high.

\* The International Energy Agency (IEA) said Friday that upward pressure on oil prices could continue as Chinese demand this year is forecast to be stronger than previously expected, while the Organization of the Petroleum Exporting Countries may lower supplies.

DATA EVENTS\* The following data is expected on Monday:0700 – Germany producer prices for December1600 – Eurogroup meeting (Reporting by Risa Maeda; Editing by Muralikumar Anantharaman)Reuters