

Tokyo rubber futures hit 7-mth high on weaker yen

TOKYO, Dec 18 (Reuters) – Key TOCOM rubber futures marked a seven-month high on Tuesday, boosted by a weaker yen on growing hopes for further monetary easing in Japan, although their rally over the last three days could lose steam as investors lock in profits.

FUNDAMENTALS

* The most-active Tokyo Commodity Exchange rubber contract for May delivery <0#2JRU:> was changing hands up 0.4 yen, or 0.1 percent, at 284.5 yen per kg at 0034 GMT.

* The May contract earlier rose to 285.1 yen, the highest for any benchmark since May 14 and up 5 percent since Friday, when the current rally started. The benchmark contract has climbed about 10 percent so far this month.

* A conservative party that has pledged to aggressively easing monetary policy won a landslide victory in Japanese elections on Sunday, as expected.

* But concerns over demand in China, the world's biggest rubber consumer, remain. Rubber inventories in warehouses monitored by the Shanghai Futures Exchange are at their highest level in more than two years.

* China's reviving economy and strong housing demand are likely to put home prices on a gentle upward trend next year, and the government will probably keep in place controls aimed at curbing property inflation, a Reuters poll found on Monday.

MARKET NEWS

* The yen steadied in early Asian trade on Tuesday after skidding to its lowest level against the U.S. dollar in over a year and a half in the previous session, while the euro held its ground on hope of progress in the U.S. "fiscal cliff" impasse.

* Japan's Nikkei share average edged higher in early trade on Tuesday, extending the previous session's gains.

* Brent crude prices dipped on Monday while U.S. oil futures rose.

DATA EVENTS* The following data is expected on Tuesday: (Time in GMT)1245 – ICSC/Goldman Sachs weekly U.S. chain store sales1330 – U.S. current account for Q31355 – Redbook weekly U.S. retail sales1500 – U.S. NAHB Index for December in November2130 – U.S. API weekly crude stocks(Reporting by Risa Maeda; Editing by Joseph Radford)Reuters