

IRCo Market Watch (24 - 28 Sep. 2012)

By Yium TavarolitThe Movements of Global Stocks, Finance and EnergyMost Asian stock markets closed higher on Friday. The Shanghai Composite index added 1.5% to 4,387.00, boosted by expectations of government's further monetary support while Hong Kong's Hang Seng index was 0.4% higher at 20,840.38. Weak mining stocks lifted Australia's S&P/ASX 200 up less than 0.1% to 4,387.00. South Korea's Kospi Composite added 0.4% to 1,996.21. But Japan's Nikkei was down 0.9% to 8,870.16.European stock markets were still weighed down on Friday by continued uncertainty about Spain's finance and a potential bailout by the European Central Bank (ECB). The Stoxx Europe 600 index dropped 1.2% to close at 268.48. The France's CAC 40 index dropped 2.5% to 3,354.82. The German DAX 30 index closed 1% lower at 7,216.15. The U.K.'s FTSE 100 index lost 0.7% to 5,742.07.Wall Street ended lower on Friday as investors were still worried about Spanish debt problems on Friday. The Dow Jones Industrial Average shed 48.84 points, or 0.4%, to 13,437.13. The Standard & Poor's 500-stock index gave up 6.48 points, or 0.5%, to 1,440.67, and the Nasdaq Composite Index lost 20.37 points, or 0.7%, to 3,116.23.The euro struggled to extend its gains on Friday in the wake of Spain's initially well-received budget statement as fresh doubts ahead of the publication of independent stress tests on the nation's banks and 10-year Spanish government bond yields pushed back above 6%.At 1045 GMT, the euro was trading at US\$1.2937 against the dollar, compared with US\$1.2913, late Thursday in New York, according to trading system EBS. The dollar was at Y77.645 against the yen, compared with Y77.60, while the euro was at Y100.43, compared with Y100.20. The pound was trading at US\$1.6204 against the dollar, compared with US\$1.6236 late Thursday in New York.Hopes that the global economy might see some improvement after Spain announced far-reaching steps to fix its ailing economy helped keep oil prices on the upswing for a second day. Crude for November delivery gained 34 cents, or 0.4 percent, to settle at US\$92.19 a barrel on the New York Mercantile Exchange. Brent oil for November settlement advanced 38 cents, or 0.3 percent, to US\$112.39 a barrel on the London-based ICE Futures Europe exchange, according to Dow Jones Newswires.Rubber MarketsThe improvement in rubber market sentiment lent support for the Tokyo rubber futures to zigzag upwards amid some profit-taking during the week while the Shanghai rubber futures climbed up steadily throughout the week ahead of a week-long national holiday in early October.In the meantime, physical rubber markets in Asia stayed rangebound as they were partly influenced by the Tokyo rubber futures. Nonetheless, NR sellers didn't hurry to sell because NR supply in Thailand in particular was interrupted by heavy rainfall across the country whereas global NR demand in general seemed steady.Furthermore, NR prices on both rubber futures and physical rubber markets in Asia were still supported by the following factors, i.e. a target of 300,000 tons export cut-back by Thailand, Indonesia, and Malaysia that will be effective from 1 October, the collective moves of the ECB and the U.S. Federal Reserve (Fed) to increase liquidity in the Euro-zone and the U.S. economies, and a latest decision of the People's Bank of China (PBOC) to inject 180 billion

yuan (US\$28.56 billion) to stimulate Chinese economic growth. Most rubber markets stayed higher on Friday than an earlier Friday as rubber market sentiment improved to a certain degree.

IRCo's technical MACD and Signal Line retreated slightly in positive territory on Friday from an earlier Friday caused by some profit-taking on the Tokyo rubber futures during the week. IRCo's RSI also fell from 89.77% on an earlier Friday to 77.99% on Friday.

As rubber market sentiment and fundamentals have turned positive since mid-August after the aggressive moves by the International Tripartite Rubber Council (ITRC), the ECB, the Fed, and the PBOC as mentioned earlier, together with NR supply disruption by monsoon rains scattering around Southeast Asia at present, NR prices are expected to stand firm in the coming week despite continued profit-taking.