

IRCo – Rubber Market Watch: 27 – 31 May 2013

By Yium TavarolitWall Street, European and Tokyo stocks continued their falls for second consecutive week on Friday, mainly due to the continued strengthening of the yen for second consecutive week and the bearish news on a potential softening of the U.S. Federal Reserve's aggressive stimulus program in the near future. In the meantime, the International Monetary Fund (IMF) cut its 2013 growth forecast for China on Wednesday to "around 7.75%" from 8.0% that cited a sluggish global recovery. The downward movement of the above mentioned key stock markets during the week resulted in dampening investor confidence and encouraged them to take profits and to cut loss-selling on soft and hard commodity markets, including on rubber futures in Asia. However, the continued weakening of the Thai baht, the Indonesian rupiah, and the Malaysian ringgit could help natural rubber (NR) exporters to some extent. On the technical front, IRCo's MACD and Signal Line sank into negative territory again on Friday, mainly caused by heavy week sales on rubber futures in the region. IRCo's RSI also fell from 48.30% on an earlier Friday to 26.77% on Friday. Nonetheless, RSS3, fob, Bangkok and USS3, Had Yai central rubber market still stayed firm on Friday compared with an earlier Friday as raw NR in Thailand remained tight even though the spot and benchmark months on TOCOM continued their falls on Friday. In addition, erratic rain is scattering around the country, including in Bangkok. It is still uncertain whether NR prices could rebound in the coming week depending on a tug of war between the currently bearish market sentiment and supply tightness in NR producing countries. IRCo