

IRCO Market Watch (19 - 23 Nov. 2012)

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The Movements of Global Stocks, Finance and Energy

Asian stock markets continued their upward trends on Friday amid quiet trade due to a public holiday in Japan. Japan's Nikkei 225 Index closed higher at 9,366.80 while South Korea's Kospi Composite Index was up 0.6% to 1,911.33. The Shanghai Composite Index was up 0.7% to 2,027.38, and Hong Kong's Hang Seng Index also rose higher to 21,913.98. Australia's S&P/ASX 200 ended flat at 4,413.00. European stocks also climbed on Friday, with the Stoxx 600 Index posting its best weekly performance in almost a year to close at 273.33 on Friday. The German DAX 30 Index jumped 0.9% to 7,309.13 and closed the week 5.2% higher. France's CAC 40 Index gained 0.9% to 3,528.80, and it rose 5.6% on the week. The U.K.'s FTSE 100 Index rose 0.5% to 5,819.14, and it closed out the week 3.8% higher. U.S. stocks finished higher on Friday in light trading. The Dow Jones Industrial Average advanced 172.79 points, or 1.35%, to 13,009.68. The Standard & Poor's 500-stock index rose 18.12 points, or 1.30%, to 1,409.15 and the Nasdaq Composite Index gained 40.30 points, or 1.38%, to 2,966.85. The euro and Swiss franc strengthened at around 0.7707 and at around 0.9280 per dollar on Friday as forex traders were still optimistic that European leaders will agree on loans to Greece, while the Japanese yen weakened at around 82.41 per dollar in anticipation of aggressive monetary easing policy after the coming elections on 16 December in Japan. U.S. crude futures settled higher on Friday in light post-Thanksgiving trading, helped by rising stock markets and a falling U.S. dollar. Light, sweet crude for January delivery rose 90 cents, or 1%, to settle at \$88.28 a barrel on the New York Mercantile Exchange. Brent crude on the ICE futures exchange for January delivery closed 83 cents higher at \$111.38 a barrel.

Rubber Markets

The continued rises in global stock markets and the continued weakening yen during the week restored market players' confidence on rubber futures in Asia and encouraged them to go back to long positions again even though Wall Street was closed on Thursday and Tokyo rubber futures were closed on Friday. The positive move of rubber futures in the region during the week supported physical rubber prices to follow suit. IRCO's technical MACD and Signal Line improved significantly on Friday compared with an earlier Friday while its technical RSI also rose from 32.92% on an earlier Friday to 56.46% on Friday. As mentioned earlier that market players turned their positions to be long during the week, and these are likely to continue in the coming week in anticipation of firm global stock markets and a weakening yen against the dollar. On the physical front, natural rubber (NR) supply in southern Thailand and northern Malaysia remains unsteady because of heavy rainfall. At the same time, NR supply in southern Sumatra remains tight as the wintering season is not over yet. Moreover, farmers have slowed down to sell NR as they expect higher prices when the dry wintering season in the region is going to come early next year. In addition, senior officials and representatives of national rubber trade associations of the ITRC countries (Thailand, Indonesia, and Malaysia), and IRCO Management are discussing about the

establishment of an ITRC Regional Rubber in Krabi province in southern Thailand in the coming week. The development of an ITRC Regional Rubber Market model has progressed to certain level, and we hope to see it in the near future.