

Rubber Gains to One-Week High as Crude Oil's Rally Boosts Appeal

Rubber advanced to the highest level in more than a week after data added to signs of a U.S. economic recovery, lifting crude oil prices and boosting speculation that prices of competing synthetic products will increase.

The contract for delivery in July gained as much as 1.3 percent to 316.5 yen a kilogram (\$3,485 a metric ton), the highest level since Jan. 21, and traded at 316.2 yen on the Tokyo Commodity Exchange at 10:38 a.m. The rally extended this month's gains for the most-active contract to 4.5 percent.

Oil in New York traded near a four-month high after data showed home prices in 20 U.S. cities climbed by the most in more than six years. Data due Feb. 1 may show U.S. employers added 160,000 workers in January after a 155,000 December increase, according to the median of 67 forecasts in a Bloomberg survey.

"Investor confidence in global economic recovery increased, leading to purchases of industrial commodities including rubber," Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said by phone today.

West Texas Intermediate crude for March delivery was at \$97.47 a barrel, down 10 cents, in on the New York Mercantile Exchange. Futures closed at \$97.57 yesterday, the highest level since Sept. 14.

Federal Reserve policy makers started a two-day meeting yesterday to discuss continuing asset purchases to boost growth. The bank is buying as much as \$85 billion of securities each month to stoke the economy and reduce joblessness.

Rubber for May delivery gained 0.6 percent to 26,105 yuan (\$4,192) a ton on the Shanghai Futures Exchange. Thai rubber free-on-board lost 0.8 percent to 96.85 baht (\$3.25) a kilogram yesterday, according to the Rubber Research Institute.