Rubber Declines as Higher Yen, Oil Outweigh U.S. Manufacturing

Rubber fell as an advance in the Japanese currency against the dollar cut the appeal of yen- denominated contracts even after a stronger-than-expected U.S. manufacturing report boosted the demand outlook. September-delivery rubber fell as much as 0.5 percent to 329.5 yen a kilogram ($4,015 a metric ton) before settling at 330.8 yen on the Tokyo Commodity Exchange. The most-active contract has advanced 26 percent this year. China's markets are closed for a public holiday. The yen advanced to the highest level in more than three weeks against the dollar amid investor concern manufacturing in China is weakening as government data conflicted with a private- sector purchasing-manager index. Futures were also sold as oil in New York fell from a three-day high, reducing the appeal of natural rubber as an alternative to synthetic products. “Rubber was capped as it lost support from the currency and energy markets,” Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said today by phone. Losses in futures were limited after manufacturing in the U.S. expanded at a faster pace than forecast in March, a sign that industry is weathering slower global growth. The Institute for Supply Management's factory index rose to 53.4 from 52.4 a month earlier, the Tempe, Arizona-based group's data showed yesterday. Fifty is the dividing line between growth and contraction. Economists surveyed by Bloomberg News projected the gauge would climb to 53. Thai rubber on free-on-board basis was unchanged at 122.55 baht ($3.98) a kilogram today, according to the Rubber Research Institute of Thailand. The price was supported by a government policy to boost domestic prices through rubber purchases and tree-cutting programs, said Chaiwat Muenmee, analyst at Bangkok-based commodity broker DS Futures Co.