

Tokyo rubber futures rise to 3-week high as yen weakens (July 2)

TOKYO, July 3 (Reuters) – Benchmark Tokyo rubber futures rose to a three-week high on Wednesday, extending gains for a fifth session in a row as the yen weakened against the dollar, despite a pause in Tokyo's share market rally.

FUNDAMENTALS* The Tokyo Commodity Exchange (TOCOM) rubber contract for December delivery traded up 1 percent at 248 yen per kg as of 0032 GMT.* The contract earlier rose as high as 249 yen, the strongest intraday level since June 11 and more than 9 percent above a level before the current rally started on June 27.*

U.S. new motor vehicle sales in June were poised to record their strongest month in more than 5-1/2 years and factories posted a second straight month of gains in new orders in May, indicating some pick-up in economic activity.* The nasty cash squeeze that roiled China's banking system in recent weeks could be just a preview of greater instability to come if China's leaders push ahead with liberalising interest rates and capital controls.* Crude rubber inventories at Japanese ports as of June 20 fell to 12,217 tonnes, down 992 tonnes over a 10-day period to the lowest level since Feb. 28, data from the Rubber Trade Association of Japan showed.

MARKET NEWS* The dollar stayed near a one-month high against the yen marked earlier on Wednesday, with gains accelerating when it rose above the key 100-yen level for the first time since June 5, spurred by expectations of a reduction in the U.S. central bank's quantitative easing program.* The Nikkei stock average reversed earlier gains to fall 0.3 percent in early Wednesday trade after rising for the previous four days in a row.* U.S. crude futures gained more than \$1 a barrel on Wednesday, rising above \$100 to hit the highest level in 14 months, after industry data showed a surprisingly large drop in crude stockpiles.

DATA EVENTS* The following data is expected on Wednesday: (Time in GMT)0145 China HSBC Services PMI0753 Germany Markit Services PMI0758 Euro zone Markit Services PMI0900 Euro zone Retail sales1215 U.S. ADP employment report1230 U.S. Weekly jobless claims1230 U.S. International trade1400 U.S. ISM Non-manufacturing PMI1430 U.S. EIA weekly crude stocks(Reporting by Risa Maeda; Editing by Richard Pullin)Reuters