

Rubber Advances to Three-Week High as Yen Nears 100 per Dollar

Rubber climbed to a three-week high after Japan's currency weakened to trade near 100 per dollar, boosting the appeal of yen-denominated contracts, and as data showed that the outlook has improved for U.S. manufacturing. Rubber for delivery in December climbed as much as 3.1 percent to 246.8 yen a kilogram (\$2,479 a metric ton) on the Tokyo Commodity Exchange, the highest level for the most-active contract since June 12. Futures traded at 243.8 yen at 11:37 a.m., paring this year's losses to 19 percent. The yen weakened to 99.71 per dollar after dropping to the lowest level in almost a month yesterday. Manufacturing in the U.S. rebounded in June as orders picked up, while factory reports from Japan to the U.K. pointed to stabilization in the global economy. The U.S. Institute for Supply Management's index climbed to a three-month high of 50.9 from 49 in May, the Tempe, Arizona-based group said yesterday. A reading of 50 is the dividing line between expansion and contraction. "Risk appetite has returned on data showing improvement in the U.S. and Japanese economies, leading to purchases of rubber futures," Hideshi Matsunaga, an analyst at broker ACE Koeki Co. in Tokyo, said by phone today. The yen may weaken further as U.S. payrolls data, scheduled to be released on July 5, may add to evidence that the world's largest economy is gathering momentum, he said. Rubber for January delivery on the Shanghai Futures Exchange added 0.6 percent to 18,245 yuan (\$2,977) a ton. Thai rubber free-on-board gained 0.9 percent to 86.15 baht (\$2.78) a kilogram on June 28, according to the Rubber Research Institute of Thailand. Thai markets were closed yesterday for holiday. Bloomberg