

## **Rubber Declines as Yen's Rebound Cuts Appeal Amid Cyprus Concern**

Rubber fell as Japan's currency gained, cutting the appeal of yen-denominated contracts, amid concern Cyprus's bank-restructuring plan will be a template for other European nations, imperiling bondholders and depositors. The contract for delivery in August lost as much as 1.4 percent to 275.6 yen a kilogram (\$2,920 a metric ton) and was at 277.7 yen on the Tokyo Commodity Exchange at 10:17 a.m. Futures extended this year's retreat to 8.3 percent. The yen traded at 94.28 per dollar after climbing yesterday to 93.53, the highest level since March 6. Investor demand for the haven currency increased amid concern the restructuring plan for Cyprus will set a precedent for losses on deposits in other European countries. "The market retreated as concerns grew that the Cyprus bailout agreement would impact on other European nations," Hideshi Matsunaga, an analyst at broker ACE Koeki Co. in Tokyo, said today by phone. The island nation's rescue sets precedents for the euro zone that may stick in the memory of depositors and bondholders alike as investors debate who will next fall victim to the debt crisis. Under the terms of the agreement struck yesterday in Brussels, senior Cypriot bank bond holders will take losses and uninsured depositors will be largely wiped out. The contract for September delivery on the Shanghai Futures Exchange fell 0.3 percent to 22,840 yuan (\$3,678) a ton. Thai rubber free-on-board rose 0.4 percent to 86.50 baht (\$2.95) a kilogram yesterday, the Rubber Research Institute of Thailand said on its website.