

Rubber futures witness correction, global growth concerns weigh

TOKYO, KOTTAYAM, INDIA : Rubber futures weakened further in Tokyo Commodity Exchange (TOCOM) and Shanghai Futures Exchange (SHFE) on Wednesday .

TOCOM March contract fell 4.2 Yen to 269.1 Yen per kg and regained slightly in the evening session to 269.7 Yen while January contract at SHFE fell 255 Yuan per ton to 25680 Yuan. Weakness in crude oil prices, concerns regarding economic growth raised by International Monetary Fund, strength in dollar index and fall in equities contributed to the decline in rubber prices.

Dow Jones Industrial Index fell 110.12 points to 13473.53 while Nikkei fell 173.36 points to 8596.23 and FTSE fell 35.94 to 5784.31. India's BSE Sensex fell 162.26 points to 18631.10 levels.

“Rubber market seems to be witnessing a correction after rallying higher in the recent weeks. However, fundamentals remain supportive of the commodity as stimulus measures are likely to raise demand for commodities,” according to Sreekumar Raghavan, Chief Commodity Strategist at CommodityOnline.

At India's National Multi Commodity Exchange (NMCE) November futures have fallen to 18600 levels per 100 kg which forms a key support level and a consistent break below this level has to be observed before concluding bearishness for the commodity in the short to medium term, he added.