

## **Rubber Drops for Third Day as Delayed Stimulus May Curb Demand**

Rubber dropped for a third day after the Japanese central bank deferred new monetary stimulus, strengthening the yen and sapping investor appetite for the commodity used in tires.

Rubber for delivery in June lost as much as 1.1 percent to 308 yen a kilogram (\$3,474 a metric ton) before trading at 310.3 yen on the Tokyo Commodity Exchange at 11:59 a.m. Futures have advanced 2.6 percent this year.

Japan's currency held a two-day gain against the dollar, weakening the appeal of yen-denominated contracts, after the Bank of Japan said yesterday it will buy about 13 trillion yen in assets per month from January 2014. The decision disappointed investors who had expected immediate easing, said Hideshi Matsunaga, an analyst at broker ACE Koeki Co. in Tokyo.

"Futures lost support from the currency market after the BOJ meeting," Matsunaga said today by phone.

Losses were limited after the International Rubber Study Group forecast a global surplus may contract this year and next from a record in 2012 because of rising U.S. and China demand.

Production is set to outpace consumption by 179,000 tons this year and 153,000 tons in 2014, said senior economist Lekshmi Nair, who estimates last year's glut at 460,000 tons. The Singapore-based IRSG is an inter-governmental group of 35 producing and consuming nations and 120 industry members.

Rubber for delivery in May was little changed at 26,090 yuan (\$4,196) a ton on the Shanghai Futures Exchange. Thai rubber free-on-board was unchanged at 98.70 baht (\$3.32) a kilogram yesterday, according to the Rubber Research Institute of Thailand. Bloomberg