IRCo Market Watch (30 Jul. - 3 Aug. 2012)

By Yium Tavarolit The Movements of Global Stocks, Finance and Energy Asian stock markets ended mostly lower on Friday after the U.S. Federal Reserve on Wednesday refrained from adding economic stimulus to the U.S. economy, and the European Central Bank President failed to convince Germany to jump on the bandwagon on Thursday. The Shanghai Composite Index ended 1.02% higher at 2,132.80. Hong Kong's Hang Seng Index fell 0.12% 19,666.18. Japan's Nikkei Stock 225 slid 1.13% to 8,555.11. However, a release of better-than-expected U.S. nonfarm payrolls of 163,000 in July on Friday spurred European and U.S. stock markets to rally on Friday despite the U.S. unemployment rates rose to 8.3% in July from 8.2% in June, and the U.S. Fed and the ECB disappointed investors. As a result, the Stoxx Europe 600 index rose 2.4% to close at 265.58 on Friday, the highest closing level since early April. On a weekly basis, the index closed higher for a ninth consecutive week, up 2.2%. The German DAX 30 index gained 3.9% to 6,865.66, up 2.6% on the week. The France's CAC 40 index jumped 4.4% to 3,374.19. The U.K.'s FTSE 100 index gained 2.2% to 5,787.28, 2.8% higher compared with last week. In New York, the Dow Jones Industrial Average climbed 217.29 points, or 1.7%, to 13,069.17, its biggest percentage increase since late June. The Standard & Poor's 500-stock index climbed 25.99 points, or 1.9%, to 1,390.22, led by financial and energy shares. The Nasdaq Composite Index advanced 58.13 points, or 2%, to 2,967.90. Conversely, the dollar weakened against its most major counterparts on Friday on the back of a strong U.S. employment figure in July, while the ECB signaled that it plans to buy government bonds to curb the region's debt crisis. The euro was at US$1.2385 from US$1.2181 late Thursday, according to EBS via CQG. The common currency was at Y97.20 from Y95.28. Against the yen, the dollar was at Y78.48 from Y78.23 and at CHF0.9705 from CHF0.9859. The U.K. pound was at US$1.5636 from US$1.5512. A strong climb in U.S. nonfarm payrolls in July also boosted crude oil futures for September delivery on the New York Mercantile Exchange to settle US$4.27 higher at US$91.40 a barrel on Friday, the highest gain since 29 June, Dow Jones Newswires reported. Rubber Market The benchmark rubber contract on the Tokyo Commodity Exchange for January delivery fell throughout the week except for a marginal rebound on Wednesday, and its day-session settled at 226.40 yen/kg (288.07 US cents/kg) on Friday. At the same time, Tokyo rubber futures influenced other rubber futures and physical rubber markets in Asia to follow suit as high yielding bonds in some peripheral European countries, a lack of confidence in the U.S. Federal Reserve and the European Central Bank's effort to resolve their lingering economic crises, and an eight-month low of China's factory purchasing index at 50.1 in July from 50.2 in June dampened investor confidence and forced market players to liquidate their long positions. It's lucky that a U.S. Labor Department report on Friday showed that the nonfarm payrolls rose beyond expectations to 163,000 in July. That lent support for European and U.S. stock markets to rally on Friday but Asian rubber futures and physical rubber markets. As a result, IRCo's DCP and natural rubber prices in Asia continued falling on Friday compared with an earlier Friday. It seems that investor concerns about a global economic slow down still outweigh the current rubber market fundamentals, which were mentioned on an earlier Friday. As moves of global stock and commodity markets today rely on market sentiments more than market fundamentals, it is sometime useless to analyze relevant data and information. IRCo's technical MACD and Signal Line continued falling further in negative territory on Friday compared with an earlier Friday, while its RSI also fell from 32.21% on an earlier Friday to 22.76% on Friday. IRCo's RSI might fall further in the coming week if a better-than-expected U.S. nonfarm payrolls figure in July could not support other economic indicators to improve in August, and the ECB is still frivolous.