

Rubber Drops for Third Day as Global Slowdown May Weaken Demand

Rubber dropped for a third day as concerns grew that stimulus measures by central banks around the world may not be enough to boost global growth, sapping investor appetite for the commodity used to make tires.

March-delivery rubber, the contract with the largest volume, fell to 251.3 yen a kilogram (\$3,231 a metric ton) and was at 252.9 yen on the Tokyo Commodity Exchange at 10:24 a.m. The most-active contract has gained 5.3 percent this quarter, trimming this year's loss to 4 percent.

Federal Reserve Bank of Philadelphia President Charles Plosser said new bond buying announced by the U.S. central bank this month probably won't boost growth or hiring. Asian stocks extended a global decline, while oil fell from the lowest close in seven weeks, cutting the appeal of natural rubber.

"The market came under pressure amid concerns that central banks can do little to revitalize economies," Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said today by phone.

Losses in futures were limited by speculation that buyers in China, the world's largest consumer, will step up purchases ahead of holidays, he said. Markets in China will be closed next week for the National Day holiday.

January-delivery rubber gained 0.8 percent to 23,850 yuan (\$3,783) a ton on the Shanghai Futures Exchange. Thai rubber free-on-board fell 0.5 percent to 96.75 baht (\$3.13) a kilogram yesterday, Rubber Research Institute of Thailand data show.