

Rubber Jumps To 8-Month High as Yen Drops, U.S. Car Sales Climb

Rubber surged to the highest level in almost eight months on the first trading day of 2013, extending last year's 15 percent rally, as a weaker yen and increased U.S. auto sales boosted the appeal of the commodity.

Rubber for delivery in June jumped as much as 3.3 percent to 312.4 yen a kilogram (\$3,567 a metric ton), the highest level since May 7, and was at 309.2 yen at 10:28 a.m. on the Tokyo Commodity Exchange. Futures are set for a fifth weekly gain.

The Japanese currency dropped to the weakest level since July 2010 against the dollar, raising the appeal of yen-based contracts and helping exporters such as Toyota Motor Corp. expand overseas sales. U.S. deliveries of cars and light trucks climbed 13 percent to 14.5 million, the best annual total in half a decade, Autodata Corp. said, stoking speculation demand will increase for the commodity used to make tires.

"A weaker yen and optimism about demand created a bullish mood in the rubber market," Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said today (Jan 4) by phone.

General Motors Co. and Ford Motor Co., the two largest automakers by U.S. sales, both issued 2013 forecasts yesterday (Jan 3) calling for the industry to exceed 15 million deliveries. Analysts projected 15.1 million annual light-vehicle sales, the average estimate of 18 analysts surveyed by Bloomberg.

Toyota Motor Corp. and Honda Motor Co. notched the biggest gains among top carmakers in the U.S. last year, recapturing much of the market share they gave up after Japan's tsunami in 2011. The yen dropped to 87.78 per dollar amid speculation the U.S. Federal Reserve will cut cash infusions later this year, and the Bank of Japan will add stimulus under the policy of Prime Minister Shinzo Abe to end deflation.

Rubber for delivery in May added 0.6 percent to 26,655 yuan (\$4,277) a ton on the Shanghai Futures Exchange. Thai rubber free-on-board advanced 1.3 percent to 100.85 baht (\$3.31) a kilogram yesterday (Jan 3), according to the Rubber Research Institute of Thailand.

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