

IRCo Market Watch (3 - 7 September 2012)

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The Movements of Global Stocks, Finance and Energy

Stocks in Asia soared on Friday after European Central Bank (ECB) President Mario Draghi on Thursday presented a plan to tackle Europe's ongoing debt crisis, while Chinese markets surged on news of greater infrastructure spending. Major Asian stock markets like Shanghai Composite Index closed 3.7% higher at 2,127.76. The Hang Seng Index also ended up 3.1% to 19,802.16. Korea's KOSPI advanced 2.6% to 1,929.58. And Australia's S&P ASX 200 was up just 0.3% to 4,325.80. Likewise, fresh Chinese stimulus measures and the ECB's plan to buy government debts pushed European stock markets higher on Friday, although gains were trimmed after disappointing U.S. nonfarm-payrolls data. The Stoxx Europe 600 index rose 0.2% to close at 272.30, adding to a 2.3% gain from Thursday, the strongest weekly rise since early June. Also, major European stocks such as the French CAC 40 Index, the U.K.'s FTSE 100 Index, and the German DAX 30 Index closed higher. Wall Street followed Asian and European stock markets after the ECB decided on Thursday to purchase unlimited bonds from struggling Euro-zone countries, and Chinese President Hu Jintao addressed the need to upgrade infrastructure in the country despite a report of weaker-than-expected U.S. jobs data in August. The Dow Jones Industrial Average added 14.64 points, or 0.1%, to 13,306.64. The Standard & Poor's 500-stock index gained 5.80 points, or 0.4%, to 1,437.92. The Nasdaq Composite Index ticked up 0.61 point, or less than 0.1%, to 3,136.42. The dollar sank against major currencies on Friday and gold prices jumped to a six-month high as anemic American jobs growth fueled investor bets that the U.S. Federal Reserve (Fed) will launch another round of monetary stimulus for the world's biggest economy, perhaps as soon as next week. On Friday in New York, the euro was at around US\$1.2815 against the dollar versus US\$1.2627 in New York on Thursday. The dollar was 78.24 yen on Friday from 78.85 yen on Thursday. Speculators tried to interpret the weak U.S. jobs data in August as the possibility of additional central bank stimulus. That resulted in a rise of light, sweet crude for October delivery on the New York Mercantile Exchange to settle 89 cents, or 0.9%, higher at \$96.42 a barrel on Friday.

Rubber Markets

Rubber futures and physical rubber markets in Asia were still moved by daily rubber and non-rubber news throughout the week, especially by the issues of a new round of U.S. monetary stimulus, the ECB's unlimited bond buying, and an aggressive move of the International Tripartite Rubber Council (ITRC) on a 300,000 tons cut back over the next six months (October 2012 – March 2013). Overall, the rubber market in Asia showed some improvement on Friday compared with an earlier Friday as shown in the table below after the above mentioned factors could restore investor confidence at a certain level. IRCo's technical MACD and Signal Line continued improving on Friday comparing with an earlier Friday in negative territory while its RSI also rose from 46.77 % on an earlier Friday to 62.12% on Friday. These mean market players have started to hold long positions on rubber futures. It is expected that the Asia-Pacific CEO Summit on 8 – 9 September in Vladivostok, Russia should come up with some positive outcomes, which can restore investor and consumer confidence. A 19.9%

jump in U.S. auto sales in August from a year earlier cannot be ruled out as well. And major global stock markets showed strong gains on Thursday and Friday, and they are likely to continue rising in the coming week. In addition, the Japanese yen has stayed stable against the dollar at around 78.50 since 23 August. Speculators are now bullish about commodities in anticipation of collective and aggressive moves by the ECB, the Fed, and China for the rest of this year. And an ITRC target to cut back 300,000 tons of natural rubber (NR) from next month to March 2013 will change market perception of weak NR demand. Due to the above mentioned technical indicators and positive information, we expect to see a further improvement of NR prices in the coming week amid scattered rain in Thailand.