

Rubber Advances as Yen Near Lowest in Four Years Raises Appeal

Rubber advanced to a one-week high after Japan's currency slid to the lowest level in more than four years, boosting the appeal of the yen-denominated futures. The contract for delivery in October gained as much as 1.6 percent to 292.5 yen a kilogram (\$2,844 a metric ton), the highest level since May 14, and was at 288.9 yen on the TokyoCommodity Exchange at 10:09 a.m. The rally pared this year's loss to 4.5 percent. The yen traded at 102.77 per dollar after touching 103.31 on May 17, the weakest level since October 2008. Japan's currency came under pressure after data showed U.S. leading indicators and consumer sentiment advanced more than estimated, adding to optimism that the recovery of the world's largest economy may be picking up. "A weakening yen gave the biggest support to rubber futures," Kazuhiko Saito, an analyst at broker Fujitomi Co. in Tokyo, said by phone today. American confidence in the economy climbed in May to the highest level in almost six years as rising real estate values and record stock prices boosted household wealth. The Thomson Reuters/University of Michigan preliminary index of consumer sentiment rose to 83.7, the highest since July 2007. Thai rubber free-on-board dropped 0.2 percent to 88.85 baht (\$2.97) a kilogram on May 17, according to the Rubber Research Institute of Thailand. The nation, the biggest producer and exporter, is targeting a price of 110 baht a kilogram for this year and 2014, according to Thai Agriculture and Agricultural Cooperatives agency. Rubber for delivery in September on the Shanghai Futures Exchange fell 0.2 percent to 20,545yuan (\$3,345) a ton. Natural-rubber inventories dropped for a second week by 930 tons to 120,160 tons, the bourse said on May 17 based on a survey of nine warehouses in Shanghai, Shandong, Yunnan, Hainan and Tianjin. Bloomberg