

Rubber Slumps on Turmoil in Europe, High China Stockpiles

Rubber declined amid high stockpiles in China and as Europe braced for renewed turmoil over bank deposits in Cyprus, which strengthened the Japanese currency and reduced investor appetite for yen-based contracts. The contract for delivery in August on the Tokyo Commodity Exchange retreated as much as 3.5 percent to 272.9 yen a kilogram (\$2,879 a metric ton), before trading at 273.9 at 10:47 a.m. Futures fell 5.1 percent last week and lost 9.5 percent this year. The yen rose 0.5 percent against the dollar to 94.77. The Japanese currency strengthened against all major currencies, reducing the appeal of yen-based contracts, as outrage in Cyprus over the levy on bank deposits threatened to derail the nation's bailout. Inventories in China climbed to 113,803 tons, the highest level since January 2010, based on a survey of nine warehouses in Shanghai, Shandong, Yunnan, Hainan and Tianjin, the Shanghai Futures Exchange said on March 15. "Cyprus renewed concerns about the European debt crisis, strengthening the yen and pressuring the rubber market," said Gu Jiong, an analyst at commodity broker Yutaka Shoji Co. Cypriot President Nicos Anastasiades bowed to demands by euro-area finance ministers to raise 5.8 billion euros (\$7.5 billion) by taking a piece of every bank account in Cyprus. Anastasiades delayed a vote on the measure in parliament until today, a day later than planned, as he seeks more time to convince lawmakers to back him. The contract for September delivery on the Shanghai Futures Exchange slumped 3.5 percent to 23,310 yuan (\$3,749) a ton in Shanghai. Thai rubber free-on-board was unchanged at 86.30 baht (\$2.91) a kilogram on March 15, according to the Rubber Research Institute of Thailand.