

IRCo – Rubber Market Watch: 25 – 29 March 2013

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They Come Full Circle

The currently unstable and turbulent global stock and commodity markets are worsening because international monetary organizations such as the International Monetary Fund (IMF), the World Bank etc cannot regulate advanced countries and financial institutions to increase real productivity. Zero-sum games have expanded as a danger of contagion, especially in global stock, commodity, and currency markets worldwide. Hot money from some advanced countries has flown into some developing countries, which give higher interest rates and their equities are still cheap for foreign speculators, including China, India and Thailand. As a result, the currencies of these developing countries appreciate and inflation rise drastically. And that dampens exports and increases in cost of living of these developing countries. For advanced countries which try to increase financial liquidity in their economies and to keep their benchmark interest rates at very low levels, they fail to increase employment, exports, and domestic consumption as governments cannot regulate investors to invest money in real sectors.

The Movements of Global Stocks, Finance and Energy

The Shanghai Stock Exchange Composite index reversed its uptrend in the previous week and plunged to a new low of 2,236.62 on Friday after Beijing announced that it would tighten wealth management products, while Hong Kong's Hang Seng index closed at 22,299.63 on Thursday. In the meantime, the Nikkei 225 index finished slightly lower at 12,397.91 on Friday but was still higher than its settlement index last Friday as investors hoped that the Bank of Japan (BoJ) would execute its aggressive monetary easing soon. Stock markets in Europe and the U.S. were closed on Friday for the Easter day. The STOXX600 index was rangebound during the week and closed at 293.78 on Thursday as investors were still worried about a Cypriot bailout and further weakening of the euro-zone economy. The France's CAC40 index finished at 3,731.42, and the German DAX index ended at 7,795.31. The U.K.'s FTSE100 index settled at 6,411.74. The Dow Jones Industrial Average stayed in an uptrend during the week before it would settle higher at 14,578.54 on Thursday. In the meantime, the S&P 500 and the Nasdaq Composite indexes also finished higher at 1,569 and at 3,267.52 respectively. The euro weakened against the dollar at \$1.2818 on Friday as forex traders were bearish on the eurozone's economic improvement and the Cypriot bailout. At the same time, many of them were unsure whether the BoJ could execute its aggressive monetary easing in the near future that caused the yen to stay rangebound at ¥94.19 on Friday. Surprisingly, light, sweet crude oil for May delivery on the New York Mercantile Exchange (Nymex) rose throughout the week and settled higher at \$97.23 a barrel on Thursday amid volatile global stock markets, according to Dow Jones Newswires.

Rubber Markets

Rubber futures and physical rubber markets in Asia moved downwards mainly caused by weak investors' confidence and a drastic fall in the Shanghai Stock Exchange during the week. In the meantime, the yen still stayed rangebound but crude oil futures on Nymex remained in an upward trend. IRCo's technical MACD and Signal Line retreated from their improvements on the previous Friday while IRCo's technical RSI also fell from 38.71% on the previous Friday to 26.61% on Friday. As mentioned earlier that the

current global economy is very turbulent and unpredictable and daily movements of global stocks, commodities, currencies, and so forth are being directed by daily incoming news instead of the fundamentals, natural rubber prices on both rubber futures and physical markets can go towards any directions in the coming months.IRCo