

IRCo – Rubber Market Watch: 13 – 17 May 2013

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The Movements of Global Stocks, Finance and Energy

Japan's Nikkei continued its rise to a multiyear high of 15,138.12 on Friday, following further weakness in the yen, while China's Shanghai composite index fluctuated in a narrow range but could finish marginally higher at 2,251.81 on Friday backing by a bullish report on better-than-expected performance of financial institutions and property developers in China. European stocks stayed in an upward trend for the week, and its benchmark stock index, the Stoxx Europe 600 index, rose 0.2% to close at 308.72 on Friday after central banks have been pumping money into the system so as to encourage investors to move into the equity market instead of the lower-yielding and traditionally safer government bond markets. Elsewhere in Europe, Germany's DAX 30 index closed at an all-time high, up 0.3% at 8,398.00. France's CAC 40 index gained 0.6% to 4,001.27, sending it 1.2% higher on the week. The U.K.'s FTSE 100 index put on 0.5% to 6,723.06, nudging a 1.5% weekly gain. Wall Street was upbeat throughout the week, backing by better-than-expected U.S. economic data in April. The Dow Jones Industrial Average climbed 121.18 points, or 0.8%, to 15,354.40 on Friday. The Standard & Poor's 500-stock index rose 17.00 points, or 1%, to 1,667.47, and the Nasdaq Composite Index advanced 33.72 points, or 1%, to 3,498.97. The dollar continued to strengthen against other currencies on Friday, e.g. the euro, the Swiss franc, and, the yen etc because of investors' optimism about the U.S. economic improvement. The dollar was up at ¥103.18 against the dollar while the euro was around \$1.2838 on Friday in New York. Mixed economic news caused crude oil futures to stay rangebound for the week. However, better-than-expected U.S. consumer data lent support for light, sweet crude for June delivery to settle 86 cents, or 0.9%, higher at \$96.02 a barrel on the New York Mercantile Exchange. Brent crude on the ICE futures exchange settled 86 cents, or 0.8%, higher at \$104.66 a barrel, Dow Jones Newswires reported.

Rubber Markets

The bellwether Tokyo rubber futures continued its rise for a fifth straight day on Monday after Japanese equities surged to 5-1/2 year highs on the back of the yen's slide to a fresh low against the dollar. Nonetheless, market players liquidated their long positions on Tuesday and Thursday for profit-taking and cut-loss selling supporting by the strengthening of the yen against the dollar on Wednesday and Thursday whereas crude oil futures stayed rangebound, natural rubber (NR) supply remained tight, and Wall Street and Japan's Nikkei index were in an upward trend throughout the week. On Friday, the bellwether rebounded as the yen weakened against the dollar. In the meantime, most rubber futures and physical rubber markets in Asia followed Tokyo rubber futures that led them to end lower on Friday compared with an earlier Friday. Both IRCo's technical MACD and Signal Line returned to positive territory for the first time on Friday since 21 February. In contrast, IRCo's RSI retreated from 89.13% on an earlier Friday to 61.10% on Friday mainly caused by the continued profit-taking and cut-loss selling on rubber futures in the region on Wednesday and Thursday. It is noticeable that crude rubber inventories at

Japanese ports as of 10 May fell to 15,637 tons, down 457 tons over a 10-day period, according to a report by Dow Jones Newswires on Friday.

The deliverable rubber inventories in warehouses monitored by the Shanghai Futures Exchange also fell 930 tons, or 0.8%, from an earlier Friday to 120,160 tons on Friday. As the current rubber market is still volatile and weighed down by weak market sentiment and investors' confidence on rubber futures, NR prices in the coming week are likely to remain unstable even though Wall Street and Japan's Nikkei are still in an upward trend, NR supply in Thailand in particular remains tight, and the yen stays weak against the dollar. IRCo