

RUBBER-Tokyo futures end near 16-mth high; RSS3 at 56-yr peak

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SINGAPORE, Jan 20 (Reuters) - Tokyo rubber futures rose as much as 2.2 percent on Wednesday as a weaker yen spurred fund buying and lifted Thai RSS3 cash prices to a more than half century peak.

* RSS3 rubber rose to \$3.25 a kg, revisiting a 56-year peak scaled in mid-2008 on gains in Tokyo futures and prospects of demand from tyre makers and Chinese buyers. [ID:nSGE60J09X]

* Goodyear Tire & Rubber (GT.N: [Quote](#), [Profile](#), [Research](#)) and Bridgestone Corp (5108.T: [Quote](#), [Profile](#), [Research](#)) bought rubber at above \$3 a kg, while Singapore dealers, who normally sell the commodity to top consumer China, were also active in the physical market, they said.

* TOCOM's rubber contract for June 2010 delivery JRUC6 rose as high as 305.5 yen per kg, within sight of a 16-month high of 306 yen seen on Friday, before settling 1.8 yen higher at 300.8 yen.

* "Sentiment is very strong. If TOCOM continues to go up like this, we will see physical prices higher than those in 2008," said a dealer in Thailand's southern rubber hub Hat Yai.

* The dollar held firm at 91.18 yen [JPY=](#), recovering from a four-week low of 90.31 yen hit in the previous session on trading platform EBS. It managed to hold above the key 90.05/35 support zone, helped partly by higher yields on U.S. Treasuries. [USD/]

* Thai 2009 rubber exports fell 3.2 percent from a year earlier to 2,742,024 tonnes, reflecting a drop in demand in the early part of the year and a fall in supply, traders and industry official said on Wednesday. [ID:nSGE60J053]

* Oil extended losses towards \$78 a barrel on Wednesday on tighter credit policy in China, a stronger dollar and expectations that U.S. refiners processed less crude. [O/R]
(Reporting by Lewa Pardomuan; Editing by Ed Lane)

Consolidation phase likely to continue for rubber: Geojit

Source: IRIS (20-JAN-10)



Confidence in the recovery of Global economies had sparked off a spectacular bull run in natural rubber prices to end the year 2009 with 119% gain. While consumption demand, real as well as anticipated, found sustained buying interest, weather played havoc across major producing nations, further exacerbating the demand supply equation. Global production of Natural Rubber has declined by 4.6% to 8,731 thousand tons in 2009.

According to the Association of Natural Rubber Producing Countries, heavy rains as well as severe drought in the major producing countries contributed to the fall in output in the first six months of 2009. In India production is estimated at 848 thousand tons as against 827 thousand tons in the last year. India's Rubber Board, figures show a 9.4% decline in 2009's Apr-Oct period over the same period previous year.

Anand James, senior analyst, Geojit COMtrade said, following the spectacular gain of 119 % (from the low of Jan 2009 up to the record high of Rs 14,800 levels on Dec. 28, 2009, the trend has retreated into a consolidation mode especially so in the last fortnight. This marks the first major parallel consolidation phase through the rally which has witnessed powerful triangular breakouts signifying the strength at earlier stages, as well as the indecisiveness at present. While a top is yet to be confirmed, the consolidation phase has been decidedly negative, with buyers looking for a bargain, and the sellers reaching out. This situation is likely to continue, until Rs 148- 14,100 range remains. Once below Rs 14,100, the selling momentum is likely to accelerate, opening rooms for Rs 13,600, which presents the first opportunity for consolidation at which point, there is a likelihood that sellers might recede. In such a scenario, sharp reaction rallies towards Rs 15,600 are likely to be the first of moves to unfold.

On the other hand, if prices were to break free of the Rs 148-14100 region on the upside, Rs 15,150 is likely to be the first objective, but we would be less bullish from that point onwards, and would rather look for a few days' close above Rs 153/15,600 region for taking a more directional view ideally towards Rs 18,500 levels.

Natural	Rubber	Consumption
Automobile Sector	: Tyres, tubes,	Automotive belts etc
Industrial Sector : mats	Conveyer Belts, transmission ,Industrial gloves	hoses, plates, automotive etc
Consumer Sector	: Rubber clothing ,	foot wear, threads etc
Medical Sector : Surgical gloves , blood bags , Syringes ,implantable devices etc		