

MATCHON INFORMATION CENTER		Subject Heading :	
Source : BANGKOK POST			
Date : 19 AUG 2013	Page : B4	No :	56414090

Rubber extends gains, sugar falls ^{B4}

SUPUNNABUL SUWANNAKIJ and ALEX PASHLEY

BANGKOK/LONDON: Rubber advanced for a second week last week as the Japanese currency weakened and Thailand planned to support the rubber industry.

Rubber for delivery in January on the Tokyo Commodity Exchange settled 0.9% higher at 267 yen a kilogramme (\$2,734 a tonne) and rose 2.3% last week. Futures have fallen 12% this year.

The yen reversed early gains against the greenback before reports forecast to show US housing starts rebounded and consumer confidence increased to a six-year high. The Thai government planned to spend 30 billion baht to support farmers and rubber processors, Deputy Prime Minister Yukol Limlamthong said on Thursday. It has no plan to sell state inventories, he said.

"The yen depreciation and a rally on the Shanghai market helped boost gains in Tocom rubber," said Ryuta Imazeki, an analyst at Okachi & Co in Tokyo. "The news from Thailand is also supportive."

Rubber for delivery in January rose 2.2% to 19,950 yuan (\$3,264) a tonne on the Shanghai Futures Exchange. Thai rubber free-on-board was unchanged at 81 baht a kg on Friday, according to the Rubber Research Institute of Thailand.

Meanwhile, sugar resumed its decline in New York on Thursday on speculation further weakening of Brazil's real will prompt the world's biggest producer to boost sales.

The real weakened 13% against the dollar since May 14, the most among 31 major currencies tracked by Bloomberg, and touched a 4½-year low of 2.3275 per dollar on Wednesday. The currency is still 10% stronger than a measure of its historical value, raising the prospect of further losses.

"The advance in prices was halted by continued producer selling and also by the weakness of the real, which closed at a new low," Nick Penney, a senior trader at Sudden Financial Ltd in London, said in a report on Thursday.

Raw sugar for October delivery fell 0.5% to 17.16 cents a pound on Thursday on ICE Futures US in New York. White sugar for delivery in October was little changed at \$504 a tonne on NYSE Liffe in London.

The amount of sugar waiting to be loaded at ports in Brazil rose 7.7% in the week ended Wednesday, data from Williams Servicos Maritimos Ltda showed. The total at the country's main ports was 1.65 million tonnes, data from the Recife, Brazil-based shipping agency on Wednesday showed. That was up from 1.53 million tonnes a week earlier. BLOOMBERG

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