

Rubber Climbs on Hopes of China Stimulus

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Rubber advanced, reversing earlier losses after Chinese policy makers pledged new spending, boosting speculation that demand from the world's largest consumer may weather Europe's debt crisis and keep expanding.

November-delivery rubber gained 0.6% to settle at 271.9 yen a kg (\$3,421 a tonne) on the Tokyo Commodity Exchange after earlier dropping to 265.5 yen. The most-active contract has lost 13% this month, the largest drop since November. Asian stocks and oil increased as China's finance ministry announced subsidies for energy-saving products and an official said the government would revive incentives for car buying, adding to stimulus Credit Suisse Group said may total as much as 2 trillion yuan (\$315 billion). "The market was buoyed by expectations for additional stimulus from China," said Makiko Tsugata, an analyst at research company Market Risk Advisory in Tokyo.

Gains were limited as concerns grew that Spanish lenders will need more financial support to weather Europe's debt crisis.

as Prime Minister Mariano Rajoy struggles to avoid tapping markets to fund a bailout of its third-biggest lender.

Thai rubber exporters will continue buying on overseas bourses until local prices climb to 120 baht (\$3.79) a kilogram, the level the government would like to see, Prapas Euanontat, the president of the Thai Rubber Association, said May 24.

Thailand announced plans this month to buy more than 10,000 tons in Tokyo and Shanghai and to continue purchases from local farmers at above-market rates to drive prices higher.

Thai rubber on a free-on-board basis was unchanged at 116.05 baht a kilogram today, according to the Rubber Institute of Thailand.

The September-delivery contract on the Shanghai Futures Exchange added 0.8 percent to close at 24,670 yuan a ton.

Thailand's Rubber Estate Organization kept the price at which it will buy from farmers unchanged at 110 baht per kilogram, the agency said on its website today.

It didn't provide the average auctioned price in three local markets.

--Editor: Jarrett Banks, Ovais Subhani

To contact the reporter on this story: Aya Takada in Tokyo at atakada2@bloomberg.