

The Japan Rubber Futures Weekly Report:

28 Dec. 2020 – 01 Jan. 2021

A New Value-Added Service from the Japan Exchange Group (JPX)

Rubber Futures Report:

Rubber Futures prices fell in all exchanges about 3% on week on mostly position adjustments and some long liquidation on the last week of the year trading. Volume was generally thin and smaller than usual as most traders were away for the New Year's holiday. OSE and SICOM Rubber futures had a shortened week and were closed on Thurs 31 Dec on New Year's Eve. The rubber market seems to have lost some strength on upside moment after the recent rally fizzled out. There is concern on full production capacity and Shanghai rising stockpile is closely watched. There is an increase of almost 3,000 tonnes in stockpiles on both SHFE and INE warehouses. Some processors were also reported selling into the rally. On Global equity markets, stocks surge to record close towards Year end bringing fresh hopes of a strong economic recovery in 2021 after President Trump signed a Stimulus Relief Bill. The USD were trading mostly lower. China manufacturing PMI was reported softer at 51.9 (expected 52.0)

OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jan 21	268.8	+12.8	SCR/RSS May 21	13,800	-400	Jan 21	150.3	-0.6	RSS3 May 21	65.10	-3.45
Feb 21	249.0	+7.4	SCR/RSS Sep 21	13,895	-390	Feb 21	149.6	-4.6	RSS3 Jun 21	65.25	-3.40
Mar 21	236.5	-0.8	Total Vol.	2,519,261	-656,784	Mar 21	151.3	-4.9	JRF May 21	224.70	-7.9
Apr 21	231.0	-5.1	Total OI	280,142	-17,258	Apr 21	152.8	-4.8	JRF Jun 21	222.70	-9.7
May 21	228.4	-7.3	INE TSR Feb21	10,070	-350	May 21	154.0	-4.8	ICEX Last (INR)	Net	
Jun 21	226.9	-8.1	INE TSR Mar21	10,190	-330	Jun 21	155.1	-4.6	RSS4 Jan 21	15,388	-457
Total Vol.	12,944	-7,104	Total Vol.	111,749	-39,980	Total Vol.	20,386	-11,877	MCX Last (INR)	Net	
Total OI	14,266	+3	Total OI	44,025	-567	Total OI	51,082	-1,755	RSS4 Jan 21	15,264	-

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Dec)	5,105	+21
Shanghai SHFE Rubber Stocks (ton, 1 Jan)	172,862	+2,042
Shanghai INE Rubber Stocks (ton, 1 Jan)	48,002	+918
China Vehicle Total Sales (unit, 30 Nov)	2,769,666	+196,438
China Passenger Car Sales (unit, 30 Nov)	2,297,401	+187,844
China Commercial Car Sales (unit, 30 Nov)	472,265	+8,594
US Unemployment Rate (% Nov)	6.7	-0.2
US Non-Farm Payroll (Nov)	+245,000	-393,000
Japan Unemployment Rate (% Nov)	2.9	-0.2
Japan PMI (Dec)	49.7	+0.7
Japan Tankan Large Mfg (31/12)	-10	+17
China PMI (Dec)	51.9	-0.2
China GDP 3Q (%)	+4.9	+1.7

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	103.20	-0.23
EUR/USD	1.2215	+0.0022
GBP/USD	1.3672	+0.0112
USD/CHF	0.8861	-0.0037
AUD/USD	0.7694	+0.0089
USD/CNY	6.5272	-0.0146
USD/INR	73.1325	-0.415
USD/SGD	1.3219	-0.0077
USD/MYR	4.0203	-0.0402
USD/THB	29.977	-0.035
USD/IDR	14,050	-150
USD/VND	23,098	-33

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	27,444.17	+787.56
TOPIX Japan	1,804.68	+26.27
Dow Jones US	30,606.48	+406.61
S&P 500 US	3,756.07	+53.01
Nasdaq US	12,888.28	+83.41
CSI 300 China	5,211.29	+169.28
Shanghai China	3,473.07	+76.51
HSI Hong Kong	27,231.13	+844.57
STI Singapore	2,843.81	+1.77
KLCI Malaysia	1,627.21	-13.96
SET Thailand	1,449.35	-36.96
IDX Indonesia	5,979.07	-29.64
VSE Vietnam	1,103.87	+19.45

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 21	27,440	+790
JPX TOPIX Mar 21	1,804.5	+28.5
JPX NK 400 Mar 21	16,340	+265
JPX TSE REIT Mar 21	1,766.0	+59.0
JPX NK 225 VI Jan 21	19.90	-0.05
JPX JGB 10 Year Mar 21	151.92	0.00
JPX Gold 1 Kg Oct 21	6,271	-7
JPX Mini Gold 100g Oct 21	6,271	-7
JPX Gold Rolling Spot	6,248	-3
JPX Silver Oct 21	90.8	+2.1
JPX Platinum Oct 21	3,500	+75
JPX Palladium Dec 21	7,821	0
JPX Corn Jan 22	25,710	+240

Source: JPX

Rubber Trading – Calendar Spread Analysis:

The OSE June futures is trading at 226.9 while the Feb contract is trading at 249.0 which show a steep backwardation of 22.1. There is an acute shortage of nearby rubber since Sept 2020 as there was a huge demand for gloves. As rubber prices rally in Oct 2020, the spread has eased and becomes narrow. The current backwardation at -22.1 has a possibility of moving back to less negative and even contango market again if rubber prices remains stable and continue to trade on the upside. A RSS3 rubber processor has the advantage of selling the Spread by selling OSE Feb rubber futures and buying the OSE June futures at -22.1 and as the Feb can be delivered upon expiration in Feb.



Source: Bloomberg

Rubber Trading – Arbitrage Analysis:

The inter-market arbitrage between OSE May Futures versus SICOM May TSR20 futures is seen narrowing slightly to 0.67 from 0.69 from the week before. It is likely to narrow further with a target of 0.55 or lower OSE May futures closed at 228.4 while SICOM TSR20 May closed at 154.0 resulting in a differential of 0.673 (USD/JPY 103.20). This arbitrage opportunity has seen coming down from a high of 0.871 on 3 Dec. The spread between the May OSE and the SICOM May have been narrowly traded due to the Year End holidays. Traders note that due to the lack of liquidity on the SGX SICOM RSS3 May futures contract, an arbitrage using the RSS3 is hence not feasible.



Source: Bloomberg

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