

# The Japan Rubber Futures Weekly Report:

08 Nov 2021 – 12 Nov 2021

**Note:** Japan Oct PPI m/m higher +1.2%, Oct PPI y/y higher +8.0%, Oct Foreign Exchange Reserves USD 1404.5 Billion

## Rubber Futures Report:

Rubber Futures prices closed the week higher on mostly short covering and some speculative buying after a strong sell-off the previous week. Though prices rebounded, trading was overall quiet and cautious, and volume was down in all major exchanges. Prices at OSE rubber futures was +3.4%, SHFE +2.5%, INE +2.6% and SICOM +2.3% in quiet trading. The rubber market seems to be taking a breather and traders were uncertain and mostly side-lined. The rainy monsoon season had started a few weeks ago reported rain in many parts of the rubber producing countries, but no major floods were reported so far may had lent some support to the market. Another positive news was President Biden and President Xi Jinping will soon hold a virtual conference and this may have eased tensions between the 2 countries. Rubber warehouse stocks on both SHFE and INE were up 9,869 tonnes and up 3,327 tonnes respectively. On Global news, US reported Oct CPI +6.2% on year is at 31 years high and concern of high inflation and an earlier Fed raising rates had caused some profit taking on equities. DJ was -227 points while Gold prices rallied to close at USD 1,865 per oz.

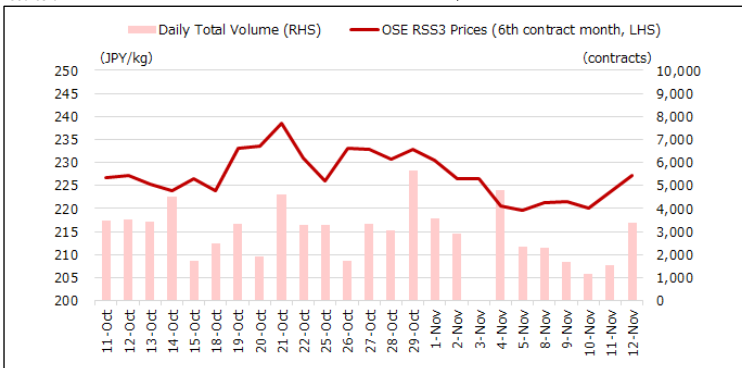
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Nov 21	212.5	+4.7	SCR/RSS Jan 22	14,275	+355	Dec 21	173.7	+4.9	RSS3 Mar 22	64.80	+0.60
Dec 21	215.7	+6.0	SCR/RSS May 22	14,485	+380	Jan 22	173.0	+3.9	RSS3 Apr 22	65.75	+0.60
Jan 22	218.0	+6.8	<b>Total Vol.</b>	<b>1,605,568</b>	<b>-501,391</b>	Feb 22	173.3	+3.7	JRF Mar 22	221.8	+4.8
Feb 22	220.6	+7.5	<b>Total OI</b>	<b>266,750</b>	<b>+10,090</b>	Mar 22	173.9	+3.7	JRF Apr 22	225.6	+4.6
Mar 22	222.8	+7.5	INE TSR Jan 22	11,285	+285	Apr 22	174.6	+3.7	<b>ICEX</b>	<b>Last (INR)</b>	<b>Net</b>
Apr 22	227.1	+7.5	INE TSR Feb 22	11,370	+275	May 22	175.2	+3.7	RSS4 Dec 21	17,725	+269
<b>Total Vol.</b>	<b>10,092</b>	<b>-3,571</b>	<b>Total Vol.</b>	<b>138,184</b>	<b>-13,695</b>	<b>Total Vol.</b>	<b>28,166</b>	<b>-5,756</b>	<b>MCX</b>	<b>Last (INR)</b>	<b>Net</b>
<b>Total OI</b>	<b>9,102</b>	<b>-510</b>	<b>Total OI</b>	<b>43,497</b>	<b>+750</b>	<b>Total OI</b>	<b>39,381</b>	<b>-1,317</b>	RSS4 Nov 21	18,015	+62

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Oct)	9,977	+447
Shanghai SHFE Rubber Stocks (ton, 12 Nov)	307,325	+9,869
Shanghai INE Rubber Stocks (ton, 12 Nov)	49,912	+3,327
China Vehicle Total Sales (unit, 30 Sep)	2,067,099	+268,258
China Passenger Car Sales (unit, 30 Sep)	1,750,517	+198,530
China Commercial Car Sales (unit, 30 Sep)	316,582	+69,728
US Unemployment Rate (% Oct)	4.6	-0.2
US Non-Farm Payroll (Oct)	531,000	+219,000
Japan Unemployment Rate (% Sep)	2.8	0.0
Japan PMI (Sept)	53.7	+1.4
Japan Tankan Large Manufacturing (3Q)	+18	+4
China PMI (Sept)	49.6	-0.5
China GDP 3Q (%)	+4.9	-3.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	113.89	+0.48
EUR/USD	1.1445	-0.0122
GBP/USD	1.3414	-0.0084
USD/CHF	0.9215	+0.0088
AUD/USD	0.7332	-0.0068
USD/CNY	6.3797	-0.0191
USD/INR	74.4425	-0.0138
USD/SGD	1.3526	+0.0024
USD/MYR	4.1655	+0.0060
USD/THB	32.571	-0.685
USD/IDR	14,219	-112
USD/VND	22,645	-53

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	29,609.97	-1.60
TOPIX Japan	2,040.60	-0.82
Dow Jones US	36,100.31	-227.64
S&P 500 US	4,682.85	-14.68
Nasdaq US	15,860.96	-110.63
CSI 300 China	4,888.38	+46.03
Shanghai China	3,539.10	+47.53
HSI Hong Kong	25,327.97	+457.46
STI Singapore	3,228.45	-13.89
KLCI Malaysia	1,531.22	-0.51
SET Thailand	1,633.94	+7.72
IDX Indonesia	6,651.05	+69.26
VSE Vietnam	1,473.37	+16.86

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 21	29,600	-20
JPX TOPIX Dec 21	2,038.5	+3.0
JPX NK 400 Dec 21	18,385	+40
JPX TSE REIT Dec 21	2,055.5	-33.0
JPX NK 225 VI Dec 21	19.30	-1.10
JPX JGB 10 Year Dec 21	151.65	-0.18
JPX Gold 1 Kg Oct 22	6,817	+267
JPX Mini Gold 100g Oct 22	6,817	+267
JPX Gold Rolling Spot	6,825	+272
JPX Silver Oct 22	92.5	+5.1
JPX Platinum Oct 22	3,979	+210
JPX Palladium Oct 22	7,400	+63
JPX Corn Nov 22	38,060	+190

Source: JPX

### Rubber Trading – Technical Analysis OSE April Rubber futures:

OSE active April futures were steady all week mostly on short covering and a firmer overseas market. April futures closed +7.5 at 227.1 reversing the previous week of strong selling and close above the 50-day moving average. Support is seen at 216.8 followed by 210.0 while resistance is 233.4 and 240 respectively. The strong Friday close indicate prices can trade higher next week towards the 240.0 level. A close above 240.0 signal a very bullish market. 14 days RSI is at 52.3%.



Source: Bloomberg

### Rubber Trading – INE Jan/SICOM Jan Futures Arbitrage Analysis:

The INE Jan futures settled at 11,285 and SICOM Jan closed at 173.0. The spread between INE/SICOM Jan futures closed at USD 39.0 per tonne after converting RMB 11,285 into USD. 11,285/6.3797 = USD 1769. The INE/SICOM Jan spread closed at 1769-1730 = USD 39. The freight and warehouse cost are estimated at USD 55-60 per tonne. The arbitrageur finds that 39 is on the lower end. He will buy INE and sell SICOM Jan at 35 or lower and expect the spread to wider to 60 or higher.



Source: Bloomberg

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