

The Japan Rubber Futures Weekly Report:

09 Oct – 13 Oct 2023

Japan: Current Account adjusted lower JPY 1.63 trn in Aug, PPI -0.3 m/m, +2.0% y/y in Sept, Core Machinery Order -7.7% in Aug

Rubber Futures Report:

World rubber futures surged across all major exchanges, driven by substantial buying from funds and speculative traders. The market was pushed by boosting belief that the Chinese economy might be on the brink of recovery following recent interest rate cuts and government measures aimed at bolstering the market. Central Huilin, a Chinese sovereign wealth fund, has bought shares of the four biggest local banks. In addition, the Chinese government took steps to regulate capital outflows by barring brokers from opening offshore trading accounts for domestic investors. Furthermore, heavy rains in producing countries have pushed physical rubber prices higher. Fund managers rushed to buy rubber futures, leading to a big rally in local and international exchanges. OSE rubber jumped by 11%, while SICOM rubber increased by 6.9%. SHFE and INE rubber also soared by 6% and 7.5%, respectively, with heavy trading volume. The OSE's front contract month, Oct-23, skyrocketed by 25% as sellers struggled to buy back to close their positions due to scarce market liquidity and difficulties in preparing physical rubber. In other news, Fed officials Philip Jefferson and Lorie Logan expressed caution regarding further interest rate hikes, suggesting a careful approach and indicating the possibility of pausing the next FOMC meeting. The IMF published a global GDP growth forecast of 3.0% in 2023 and 2.9% in 2024. The US CPI in Sept. was reported slightly higher than expected, at 3.7% YoY.

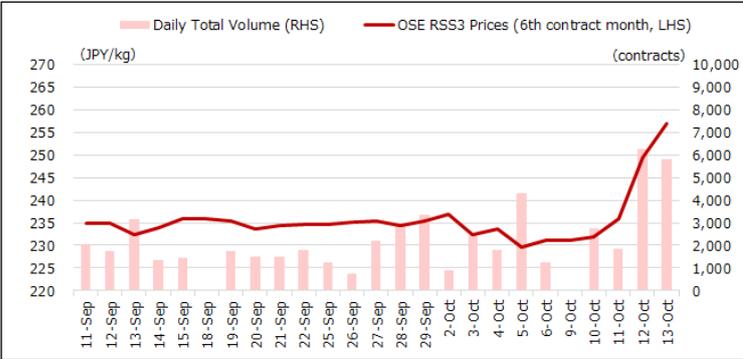
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Oct 23	290.7	+58.2	SCR/RSS Jan 24	14,720	+830	Nov 23	148.6	+10.0	Feb 24	251.5	+21.3
Nov 23	269.0	+42.9	SCR/RSS May 24	14,645	+810	Dec 23	149.5	+9.7	Mar 24	252.2	+19.6
Dec 23	259.1	+35.1	Total Vol.	2,359,748	+1,214,579	Jan 24	150.5	+9.7	SHFE BR	Last (CNY)	Net
Jan 24	256.3	+31.6	Total OI	295,380	+48,339	Feb 24	151.1	+10.0	Jan 24	13,100	+210
Feb 24	256.6	+27.6	INE TSR Nov 23	11,335	+790	Mar 24	151.3	+9.8	Feb 24	12,995	+270
Mar 24	256.9	+25.9	INE TSR Dec 23	11,345	+780	Apr 24	151.6	+9.4	Mar 24	12,935	+265
Total Vol.	16,658	+5,916	Total Vol.	716,792	+368,340	Total Vol.	93,556	+74,750	Total Vol.	578,186	+224,397
Total OI	8,753	-1,343	Total OI	152,331	+29,788	Total OI	71,424	+6,972	Total OI	164,196	+16,167

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 30 Sep)	6,528	-1,113
Shanghai SHFE Rubber Stocks (ton, 13 Oct)	243,750	+4,002
Shanghai INE Rubber Stocks (ton, 13 Oct)	72,778	+707
China Vehicle Total Sales (unit, 31 Aug 23)	2,582,401	+195,469
China Passenger Car Sales (unit, 31 Aug 23)	2,272,782	+172,934
China Commercial Car Sales (unit, 31 Aug 23)	309,618	+22,535
US Unemployment Rate (% Sep 23)	3.8	+0.0
US Non-Farm Payroll (Sep 23)	336,000	+109,000
Japan Unemployment Rate (% Aug)	2.7	+0.0
Japan Manufacturing PMI (Aug)	48.6	-1.1
Japan Tankan Large Manufacturing (3Q 2023)	+9.0	+0.4
China Manufacturing PMI (Aug)	49.7	+0.4
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	149.57	+0.25
EUR/USD	1.0510	-0.0076
GBP/USD	1.2143	-0.0094
USD/CHF	0.9020	-0.0078
AUD/USD	0.6296	-0.0190
USD/CNY	7.3053	+0.0073
USD/INR	83.2637	+0.0162
USD/SGD	1.3694	+0.0043
USD/MYR	4.7283	+0.0148
USD/THB	36.257	-0.663
USD/IDR	15,682	+69.5
USD/VND	24,448	+59

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,315.99	+1,321.32
TOPIX Japan	2,308.75	+44.67
Dow Jones US	33,670.29	+262.71
S&P 500 US	4,327.72	+19.22
Nasdaq US	13,407.23	-24.11
CSI 300 China	3,663.41	-26.11
Shanghai China	3,088.10	-22.38
HSI Hong Kong	17,813.45	+327.47
STI Singapore	3,185.79	+11.4
KLCI Malaysia	1,444.14	+27.26
SET Thailand	1,450.75	+12.3
IDX Indonesia	6,926.78	+38.26
VSE Vietnam	1,154.73	+26.19

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	32,250	+1,230
JPX TOPIX Dec 23	2,305.5	+42.5
JPX NK 400 Dec 23	20,785	+370
JPX TSE REIT Dec 23	1,833.0	+11.5
JPX NK 225 VI Nov 23	20.35	-0.30
JPX JGB 10 Year Dec 23	145.39	+0.62
JPX Gold 1 Kg Aug 24	9,028	+318
JPX Platinum Aug 24	4,174	+94
JPX Silver Aug 24	106.5	+4.9
JPX Palladium Aug 24	5,600	+0
JPX TSR20 Jan 24	221.0	+11.0
JPX Corn Sept 24	40,690	+1,410
JPX Dubai Crude Mar 24	75,910	+3,340

Source: JPX

Technical Analysis on the OSE Mar-2024 Contract:

OSE's Mar-24 contract surged by 11% or JPY 25.9 to close at 256.9 in relatively active trading. This rally occurred despite a decreased OI of 1,343 lots, attributed to short-covering transactions. The front Oct-23 contract saw an even more increase of JPY 58.2, primarily driven by a short squeeze as sellers struggled to buy back to close their positions, given a lack of offer orders. The sharp price rise has led to an overbought condition, with the 14-day RSI at 81.9%. The support levels will be 245.0 and 240.0, while the resistance levels will be 260.5 and 265.0. The market volatility could remain unstable in the coming weeks.



Source: Bloomberg

Technical Analysis on the SGX SICOM Jan-2024 Contract:

SICOM's active Jan-24 contract soared by 9.7 cents to reach 150.5. The price broke the crucial resistance level at 146.0 and closed above it, prompting fresh speculative buying. Weekly trading volume was notably high, reaching 93,556 lots, and OI increased by 6,912 lots, suggesting that new bullish participants had entered the market. The sharp rise in prices pushed the 14-day RSI into overbought territory at 74%, which might signal the potential for profit-taking. The overall market sentiment remains bullish, with support levels at 146.0/146.5 and resistance levels at 152.0 and 155.0, respectively.



Source: Bloomberg

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