

The Japan Rubber Futures Weekly Report:

11 Dec - 15 Dec 2023

Japan: 4Q Tankan Big Manufacturing higher +12, non-manufacturing +30, Nov PPI +0.3%, Manufacturing PMI lower at 47.7 in Dec

Rubber Futures Report:

Global rubber futures closed the week with mixed results in subdued trading. RSS3 prices saw a slight increase at OSE and SHFE, whereas TSR20 prices experienced a marginal decline at INE and SICOM. Throughout the week, prices fluctuated within a narrow trading range, with sharply reduced trading volume across all exchanges, indicating a position closure among traders before the year's end. Open interest also declined in all exchanges. China's vehicle sales increased by 117,552 units, reaching 2,970,122 units, by the end of November, led by a stronger demand for passenger vehicles. In Sri Lanka, a broker reported that Circular Leaf Spot Disease (CLSD) affected 51% of the country's rubber plantations. Despite this, the news did not impact global rubber prices, given Sri Lanka's status as a relatively small producer with only 98,000 hectares of rubber plantation. In global news, Japan's 4Q Tankan report exceeded expectations, with Large Manufacturing at +12 and Non-manufacturing at +30. The U.S. Fed maintained the FF rate at 5.25-5.50%, hinting at potential interest rate cuts next year due to eased inflation. This sparked a solid rally in equity markets, hitting new highs with all major indices setting new records. In contrast, the 10-year U.S. treasury yield dropped below 4%, triggering a robust rally in bond prices. The USD weakened on expectations of lower interest rates next year, causing the USD/JPY to dip to a low of 140.97 before recovering to close at 142.15. Argentina devalued its Peso, surpassing a 50% or more depreciation to 800 per USD, aiming to stimulate economic recovery, cancel public works, and reduce government spending.

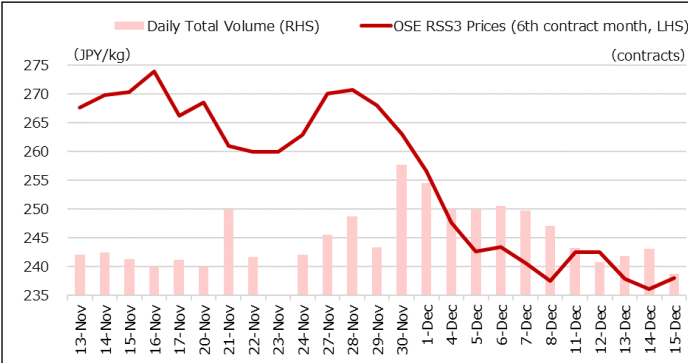
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Dec 23	230.8	-5.9	SCR/RSS Jan 24	13,350	+90	Jan 24	144.5	+0.2	Apr 24	236.1	-4.7
Jan 24	232.9	-2.7	SCR/RSS May 24	13,515	+60	Feb 24	144.6	-0.3	May 24	236.8	-5.7
Feb 24	233.5	-0.8	Total Vol.	1,031,459	-299,229	Mar 24	145.2	-0.4	SHFE BR	Last (CNY)	Net
Mar 24	233.3	-1.5	Total OI	237,936	-6,678	Apr 24	145.8	-0.6	Jan 24	11,625	-125
Apr 24	236.2	+0.1	INE TSR Feb 24	10,320	-5	May 24	146.7	-0.5	Feb 24	11,635	-145
May 24	238.1	+0.6	INE TSR Mar 24	10,455	-15	Jun 24	147.1	-0.7	Mar 24	11,660	-140
Total Vol.	6,532	-7,915	Total Vol.	243,415	-94,777	Total Vol.	51,037	-14,188	Total Vol.	168,525	-115,267
Total OI	5,434	-972	Total OI	110,702	-168	Total OI	68,562	-2,901	Total OI	66,317	+3,306

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEEX, ICEX, MXX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 30 Nov)	3,195	-150
Shanghai SHFE Rubber Stocks (ton, 15 Dec)	180,121	+10,621
Shanghai INE Rubber Stocks (ton, 15 Dec)	117,251	+9,395
China Vehicle Total Sales (unit, 30 Nov 23)	2,970,122	+117,552
China Passenger Car Sales (unit, 30 Nov 23)	2,604,370	+116,497
China Commercial Car Sales (unit, 30 Nov 23)	365,752	+1,055
US Unemployment Rate (% Nov 23)	3.7	-0.2
US Non-Farm Payroll (Nov 23)	199,000	+49,000
Japan Unemployment Rate (% Oct)	2.5	-0.1
Japan Manufacturing PMI (Dec)	47.7	-0.6
Japan Tankan Large Manufacturing (4Q 2023)	+12.0	+0.3
China Manufacturing PMI (Nov)	49.4	-0.1
China GDP 3Q 2023 (%)	4.9	-1.4

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	142.15	-2.80
EUR/USD	1.0895	+0.0132
GBP/USD	1.2681	+0.0132
USD/CHF	0.8705	-0.0094
AUD/USD	0.6699	+0.0120
USD/CNY	7.1215	-0.0487
USD/INR	83.0013	-0.3837
USD/SGD	1.3327	-0.0094
USD/MYR	4.6698	+0.0053
USD/THB	34.873	-0.655
USD/IDR	15,492.5	-25.0
USD/VND	24,267.5	+25.0

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,970.55	+662.69
TOPIX Japan	2,332.28	+7.81
Dow Jones US	37,305.16	+1,057.29
S&P 500 US	4,719.19	+114.82
Nasdaq US	14,813.92	+409.95
CSI 300 China	3,341.55	-57.91
Shanghai China	2,942.56	-27.00
HSI Hong Kong	16,792.19	+467.69
STI Singapore	3,116.51	+5.78
KLCI Malaysia	1,462.45	+20.48
SET Thailand	1,391.03	+10.04
IDX Indonesia	7,190.99	+31.39
VSE Vietnam	1,102.30	-22.14

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	32,890	+690
JPX TOPIX Mar 24	2,328.0	+10.0
JPX NK 400 Mar 24	21,000	+120
JPX TSE REIT Mar 24	1,784.0	-2.0
JPX NK 225 VI Jan 24	19.50	-1.40
JPX JGB 10 Year Mar 24	145.60	+0.61
JPX Gold 1 Kg Oct 24	9,285	-107
JPX Platinum Oct 24	4,329	+114
JPX Silver Oct 24	110.5	-1.7
JPX Palladium Oct 24	4,700	+100
JPX TSR20 Mar 24	207.0	+0.0
JPX Corn Nov 24	37,380	-1,520
JPX Dubai Crude May 24	66,640	+240

Source: JPX

Technical Analysis on the OSE May-2024 Contract:

In a subdued trading environment, OSE's active May-2024 contract gained JPY 0.6, closing at 238.1. Prices moved within a narrow range, featuring low trading volume and diminished trading interest. Trading volume decreased by nearly 8,000 lots from the previous week, while open interest downed by 749, indicating the current position closure transactions continued. Anticipated support levels remain at 232.0 and 228.0, with resistance at 248.0 and 252.0. The 14-day RSI stands at 34.6%, nearing oversold conditions. The weakening USD/JPY imparts additional pressure on OSE rubber prices.



Source: Bloomberg

Technical Analysis on the SGX SICOM Mar-2024 Contract:

SICOM's active Mar-2024 contract closed slightly lower in quiet trading. Trading volume dropped by 14,188 lots, with open interest down by nearly 3,000, signaling a year-end trend of position reduction among traders. The market displayed a sideways trend, with prices lacking a clear directional bias. Anticipated support levels are 141.0 to 142.0, serving as potential triggers for buying interest, while producers may consider selling at levels around 149 to 150. The 14-day RSI stands at 46.2%, and next week's market activities are expected to remain slower. Prices are likely to fluctuate between 141.0 and 149.0 until year-end.



Source: Bloomberg

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