

The Japan Rubber Futures Weekly Report:

14 Aug – 18 Aug 2023

Japan: 2Q GDP higher at +1.5% m/m & +6.0% y/y. National CPI +3.3% in July, Industrial Production +2.4% m/m, 0.0 y/y in June

Rubber Futures Report:

The global rubber futures closed mixed throughout the week amidst active trading activities. OSE rubber rebounded from the previous week, driven by speculative buying and a weakened JPY. OSE rubber added 1.1%, accompanied by a new high of the open interest of 19,659 contracts. In contrast, with renewed selling pressure, SHFE and INE rubber dropped 1.4% and 1.1%, respectively, while SICOM rubber dropped 2.1%. The recent decline in futures prices has caused a shift in the forward curve towards slight contango, which suggests that prices could be approaching a potential bottom. On Aug 15, to curb concerns about China's weakening economy and property market turmoil, the PBOC surprisingly cut the MLF rate by 0.15 percentage points to 2.5% and the 7-day repo rate by 0.10 percentage points to 1.8%. China's vehicle sales in July dropped by 235,460 units, further indicating a weakened rubber demand. Thai rubber producer Sri Trang Agro-Industry reported a 90.4% decline in its 2Q earnings, amounting to THB 110 million compared to the corresponding period last year. Similarly, another major producer, Halcyon Agri Corporation, recorded a net loss of USD 62.1 million for the year's first half. Weak demand and low prices could lead rubber producers to consider reducing production, which might eventually contribute to altering the ongoing downward trend in the long term. Brazil has decided to raise the rubber import tariff from 3.2% to 10.8% for the upcoming two years. Global equity markets witnessed declines due to apprehensions regarding potential rate hikes by the Fed and the sluggish state of the Chinese economy.

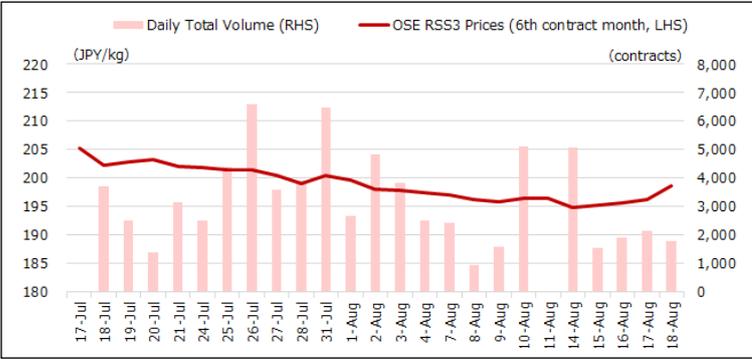
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Aug 23	194.6	-0.4	SCR/RSS Sep 23	11,830	-160	Sep 23	127.5	-1.9	Dec 23	198.4	+0.9
Sep 23	197.0	+1.0	SCR/RSS Jan 24	12,820	-180	Oct 23	126.7	-2.5	Jan 24	198.1	+0.8
Oct 23	198.5	+2.2	Total Vol.	986,483	+41,752	Nov 23	126.7	-2.7	SHFE BR	Last (CNY)	Net
Nov 23	198.7	+2.0	Total OI	306,281	+4,186	Dec 23	127.2	-2.5	Jan 24	11,350	+40
Dec 23	198.9	+2.2	INE TSR Oct 23	9,420	-105	Jan 24	128.0	-2.5	Feb 24	11,315	+55
Jan 24	198.6	+2.1	INE TSR Nov 23	9,455	-105	Feb 24	128.3	-2.7	Mar 24	11,270	+80
Total Vol.	12,519	+2,464	Total Vol.	267,279	+24,213	Total Vol.	60,568	+25,089	Total Vol.	160,887	-14,389
Total OI	19,263	+1,492	Total OI	101,845	+1,853	Total OI	72,280	+2,606	Total OI	121,727	+28,415

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFE, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Aug)	10,344	-652
Shanghai SHFE Rubber Stocks (ton, 18 Aug)	202,948	+2,793
Shanghai INE Rubber Stocks (ton, 18 Aug)	69,452	-402
China Vehicle Total Sales (unit, 31 July 23)	2,386,932	-235,460
China Passenger Car Sales (unit, 31 July 23)	2,099,849	-167,972
China Commercial Car Sales (unit, 31 July 23)	287,083	-67,488
US Unemployment Rate (% , July 23)	3.5	-0.1
US Non-Farm Payroll (July 23)	187,000	+2,000
Japan Unemployment Rate (% , July)	2.5	-0.1
Japan Manufacturing PMI (July)	49.6	+0.2
Japan Tankan Large Manufacturing (2Q 23)	+5.0	+0.4
China Manufacturing PMI (July)	49.3	+0.3
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	145.39	+0.43
EUR/USD	1.0873	-0.0076
GBP/USD	1.2734	+0.0038
USD/CHF	0.8820	+0.0053
AUD/USD	0.6406	-0.0090
USD/CNY	7.2845	+0.045
USD/INR	83.1050	+0.2612
USD/SGD	1.3572	+0.0050
USD/MYR	4.6488	+0.0608
USD/THB	35.405	+0.308
USD/IDR	15,290	+71
USD/VND	23,820	+67

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	31,462.50	-1,011.65
TOPIX Japan	2,237.29	-66.22
Dow Jones US	34,500.66	-780.74
S&P 500 US	4,369.71	-94.34
Nasdaq US	13,290.78	-354.07
CSI 300 China	3,784.00	-100.25
Shanghai China	3,131.95	-57.30
HSI Hong Kong	17,950.85	-1,124.34
STI Singapore	3,173.93	-120.35
KLCI Malaysia	1,446.09	-11.07
SET Thailand	1,519.12	-16.04
IDX Indonesia	6,859.91	-20.07
VSE Vietnam	1,177.99	-54.22

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 23	31,470	-1,090
JPX TOPIX Sep 23	2,237.0	-70.5
JPX NK 400 Sep 23	20,250	-625
JPX TSE REIT Sep 23	1,840.5	-32.0
JPX NK 225 VI Sept 23	19.50	-0.10
JPX JGB 10 Year Sep 23	146.66	-0.29
JPX Gold 1 Kg June 24	8,838	-33
JPX Platinum June 24	4,171	+51
JPX Silver June 24	105.2	-0.3
JPX Palladium June 24	6,000	+200
JPX TSR20 Nov 23	185.0	+0.0
JPX Corn Sept 24	39,200	New
JPX Dubai Crude Jan 24	73,000	-1,920

Source: JPX

Technical Analysis on the OSE Jan-2024 Contract:

OSE's active Jan-2024 contract added JPY2.1 at 198.6 amid subdued trading. The price rebounded from an oversold condition, with the 14-day RSI rising to 45.9%, up from the previous week's 33%, driven by new speculative buying activities. The trading volume improved by 2,464 contracts from the previous week. The open interest hit a new high at 19,659 contracts since Feb. 2019. The downward trend persists as prices continue to linger below the three major moving averages. The support levels will be 194.1 (the previous low) and 192.0, while the resistance levels will be 203.0 (50 MA) and 206.4 (100 MA).



Source: Bloomberg

Technical Analysis on the SGX SICOM Nov-2023 Contract:

SICOM's Nov-2023 contract dropped 2.7 cents, closing at 126.7 amidst active trading activities. The weekly trading volume surged significantly, adding 25,089 contracts to reach 60,568. New speculative selling flows drove this surge, pushing the open interest to nearly a 3-year high. The 14-day RSI decreased to 38.2%, while the price hovered around the crucial support levels of 126.0-126.5. The subsequent support level will be 123.0, and the resistance levels will stand at 129.7 and 132.5. Given the persisting technical and fundamental factors unfavorable to rubber prices, the bearish market trend is expected to endure.



Source: Bloomberg

Contact us

Kensuke Yazu

Derivatives Business Development
Osaka Exchange, Inc.

Tel: +81 (0) 50 3377 8645

Email: deri-w1@jpx.co.jp

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