

The Japan Rubber Futures Weekly Report:

16 – 20 October 2023

Japan: Industrial Production lower at -0.7m/m in Aug., CPI +0.3% m/m and National Core CPI higher 2.8% y/y in Sept.

Rubber Futures Report:

World rubber futures generally closed lower, influenced by the pressures of long liquidation and selling by commodity funds. Mainly driven by short-covering, OSE rubber increased by 1%. Notably, the front Oct-2023 contract experienced a significant surge due to limited market liquidity and challenges in obtaining physical rubber for delivery. SHFE and INE decreased by 1% and 2%, respectively, as fund managers actively engaged in long liquidation following a recent rally. SICOM rubber fell 2.9%, primarily attributed to long liquidation and selling by rubber producers. Rubber futures prices have retraced from a technically overbought condition, and this adjustment aligns with a decrease in open interest across all exchanges. In other news related to the rubber industry, heavy rains have been reported in major producing countries such as Thailand, Malaysia, and Vietnam, which could support rubber prices. China's total vehicle sales at the end of September increased by 10.7% to 2,858,234 units, and China's 3Q GDP was 4.89%, exceeding market expectations. In other news, robust US economic data, with September Retail Sales rising by 0.7% and a 0.3% increase in Industrial Production, has driven the US 10-year treasury yield to 5%. This surge in bond yields contributed to a sell-off in equity markets. It also briefly pushed USD/JPY to 150.0 as the Bank of Japan has provided few explicit signals indicating a change in its ultra-loose monetary policy. China's President Xi Jinping has pledged to inject a minimum of \$100 billion in new funding into the Belt and Road Initiative (BRI) following the recent visit by Russian President Putin.

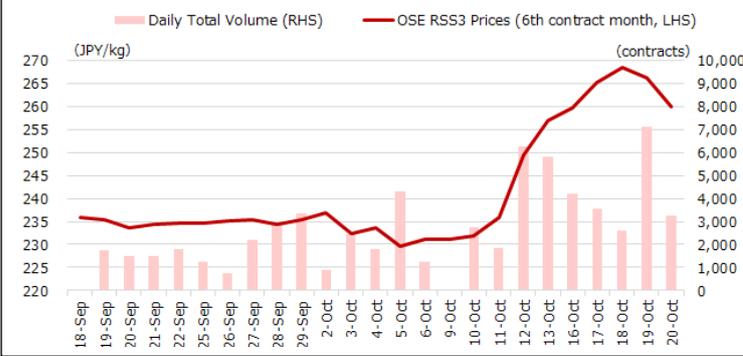
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Oct 23	378.4	+87.7	SCR/RSS Jan 24	14,560	-160	Nov 23	144.6	-4.0	Feb 24	255.0	+3.5
Nov 23	261.4	-7.6	SCR/RSS May 24	14,465	-180	Dec 23	145.2	-4.3	Mar 24	258.4	+6.2
Dec 23	257.5	-1.6	Total Vol.	2,728,046	+368,298	Jan 24	146.1	-4.4	SHFE BR	Last (CNY)	Net
Jan 24	256.4	+0.1	Total OI	269,433	-25,947	Feb 24	146.6	-4.5	Jan 24	12,870	-230
Feb 24	256.9	+0.3	INE TSR Dec 23	11,105	-230	Mar 24	147.6	-3.7	Feb 24	12,635	-360
Mar 24	259.8	+2.9	INE TSR Jan 24	11,135	-210	Apr 24	147.6	-4.0	Mar 24	12,530	-405
Total Vol.	20,645	+3,987	Total Vol.	750,346	+33,554	Total Vol.	57,841	-35,715	Total Vol.	706,816	+128,630
Total OI	7,391	-1,362	Total OI	146,716	-5,615	Total OI	70,340	-1,084	Total OI	151,723	-12,473

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCK



Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Oct)	5,235	-1,293
Shanghai SHFE Rubber Stocks (ton, 20 Oct)	246,145	+2,395
Shanghai INE Rubber Stocks (ton, 20 Oct)	76,104	+3,326
China Vehicle Total Sales (unit, 30 Sept 23)	2,858,234	+275,833
China Passenger Car Sales (unit, 30 Sept 23)	2,487,274	+214,492
China Commercial Car Sales (unit, 30 Sept 23)	370,960	+61,341
US Unemployment Rate (% Sep 23)	3.8	0
US Non-Farm Payroll (Aug 23)	336,000	+109,000
Japan Unemployment Rate (% Aug)	2.7	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 3Q 2023 (%)	4.9	-1.4

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	149.86	+0.29
EUR/USD	1.0594	+0.0084
GBP/USD	1.2164	+0.0021
USD/CHF	0.8921	-0.0099
AUD/USD	0.6314	+0.0018
USD/CNY	7.3151	+0.0098
USD/INR	83.1212	-0.1425
USD/SGD	1.3725	+0.0031
USD/MYR	4.7677	+0.0394
USD/THB	36.499	+0.242
USD/IDR	15,872.5	+190.5
USD/VND	24,543	+95

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	31,259.36	-1,056.63
TOPIX Japan	2,255.65	-53.10
Dow Jones US	33,127.28	-543.01
S&P 500 US	4,224.16	-103.56
Nasdaq US	12,983.81	-423.42
CSI 300 China	3,510.59	-152.82
Shanghai China	2,983.06	-105.04
HSI Hong Kong	17,172.13	-641.32
STI Singapore	3,076.69	-109.10
KLCI Malaysia	1,441.04	-3.10
SET Thailand	1,399.35	-51.40
IDX Indonesia	6,849.17	-77.61
VSE Vietnam	1,108.03	-46.70

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	31,220	-1,030
JPX TOPIX Dec 23	2,251.0	-54.5
JPX NK 400 Dec 23	20,270	-515
JPX TSE REIT Dec 23	1,813.5	-19.5
JPX NK 225 VI Nov 23	22.65	+2.30
JPX JGB 10 Year Dec 23	144.64	-0.75
JPX Gold 1 Kg Aug 24	9,526	+498
JPX Platinum Aug 24	4,261	+87
JPX Silver Aug 24	111.5	+5.0
JPX Palladium Aug 24	5,400	-200
JPX TSR20 Jan 24	220.0	-1.0
JPX Corn Nov 24	40,900	New
JPX Dubai Crude Mar 24	81,120	+5,210

Source: JPX

Technical Analysis on the OSE Mar-2024 Contract:

OSE's Mar-2024 contract rose by JPY 2.9 at 259.8 in moderately active trading. Trading volume increased by 4,000 lots from the previous week, with open interest falling by 1,362 lots, mainly due to short covering. The spot-contract month of Oct-2023 surged by JPY 87.7, indicating short sellers who struggled to prepare physical rubber for delivery had to buy back their positions in a market with limited on-screen liquidity. The volatile market is expected to persist until month-end. The Mar-2024 contract has a support level of 251.0 and a resistance level of 265.0. The 14-day RSI stands at 67.7%, suggesting some congestion in the market.



Technical Analysis on the SGX SICOM Jan-2024 Contract:

SICOM's active Jan-2024 contract shed 4.4 cents to reach 146.1 in active trading. Trading volume remained high at 57,841 lots, with signals of long liquidation. Prices, which had previously entered the overbought territory, have shifted to a more neutral position, with the 14-day RSI at 55.9% and anticipated consolidation level. The support levels will be within the 145.0-146.0 range, while the resistance levels are likely at 150.0-151.0. Optimistic market sentiment and the technical outlook will continue to support firm prices in the near term.



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