

The Japan Rubber Futures Weekly Report:

25 Dec - 29 Dec 2023

Japan: Nov Unemployment Rate unchanged at 2.5%, Nov Industrial Production -0.9% m/m, Nov Retail Sales higher at +5.3% y/y

Rubber Futures Report:

Global rubber futures closed the year with gains across major exchanges, driven by fresh speculative buying and short-covering as traders closed their books for the year. Robust buying on Chinese exchanges fuelled optimism about an economic recovery in China for the upcoming year. Expectations of lower global rubber production and a strong surge in Chinese equities further supported the rally. OSE rubber futures rose 4.5% in moderate trading, while SHFE and INE futures increased by 1.8% and 5.7% in solid trading volume, respectively. SICOM futures also rose 4.3% in active trading. The positive close to the year reflects concerns over a potential rubber shortage in the coming year, attributed to declining production in both Thailand and Indonesia. In other news, Japan's unemployment rate remained steady at 2.5% in November, with a decrease in the jobs-to-applications ratio to 1.28. November Retail Sales in Japan increased by 5.3%. Meanwhile, Chinese economists expected a slowdown in China's GDP growth, projecting a rate of 4.6% in 2024, following an estimated 5.2% GDP growth in 2023. The USD trended lower against major currencies, aligning with expectations of the Fed lowering interest rates next year, while the BOJ is anticipated to exit its negative interest rate policy. USD/JPY reached a low of 140.25 before rebounding to close at 141.04. Global equities experienced a rally in the last week of the year, driven by record highs in US major indices. Optimism stemmed from hopes of the Fed implementing rate easing as early as the 1Q of 2024. The OSE extends wishes for a Happy and Prosperous New Year in 2024 to all readers and clients.

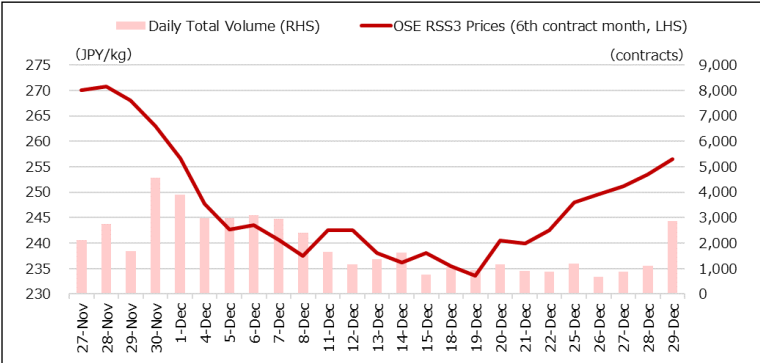
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Jan 24	243.5	+7.8	SCR/RSS Mar 24	14,000	+240	Jan 24	156.1	Expired	Apr 24	248.0	+3.1
Feb 24	245.9	+8.9	SCR/RSS May 24	14,100	+250	Feb 24	154.8	+7.2	May 24	250.0	+4.4
Mar 24	249.0	+11.5	Total Vol.	1,312,827	+46,098	Mar 24	154.2	+6.4	SHFE BR	Last (CNY)	Net
Apr 24	252.0	+11.7	Total OI	227,845	-2,125	Apr 24	154.3	+5.9	Feb 24	12,680	+690
May 24	253.4	+10.9	INE TSR Feb 24	11,080	+595	May 24	154.8	+5.7	Mar 24	12,730	+705
Jun 24	256.5	+11.9	INE TSR Mar 24	11,175	+560	Jun 24	155.1	+5.6	Apr 24	12,755	+695
Total Vol.	6,711	+1,794	Total Vol.	554,643	+214,598	Total Vol.	60,952	+21,215	Total Vol.	523,839	+289,225
Total OI	5,667	+183	Total OI	97,614	-10,911	Total OI	72,141	+2,944	Total OI	54,656	-10,423

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Dec)	5,199	+1,483
Shanghai SHFE Rubber Stocks (ton, 29 Dec)	189,951	+3,750
Shanghai INE Rubber Stocks (ton, 29 Dec)	126,323	+4,860
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 (% Nov)	2.5	+0.0
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	141.04	-1.37
EUR/USD	1.1039	+0.0025
GBP/USD	1.2731	+0.0030
USD/CHF	0.8414	-0.0142
AUD/USD	0.6812	+0.0013
USD/CNY	7.1000	-0.0358
USD/INR	83.2088	+0.0588
USD/SGD	1.3203	-0.0035
USD/MYR	4.5940	-0.0345
USD/THB	34.256	-0.0354
USD/IDR	15,399	-85
USD/VND	24,268.5	+18.5

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	33,464.17	+295.12
TOPIX Japan	2,366.39	+29.96
Dow Jones US	37,689.54	+303.57
S&P 500 US	4,769.83	+15.20
Nasdaq US	15,011.35	+18.38
CSI 300 China	3,431.11	+93.88
Shanghai China	2,974.94	+60.16
HSI Hong Kong	17,047.39	+706.98
STI Singapore	3,240.27	+101.11
KLCI Malaysia	1,454.66	+0.28
SET Thailand	1,415.85	+13.68
IDX Indonesia	7,272.80	+35.28
VSE Vietnam	1,129.93	+26.87

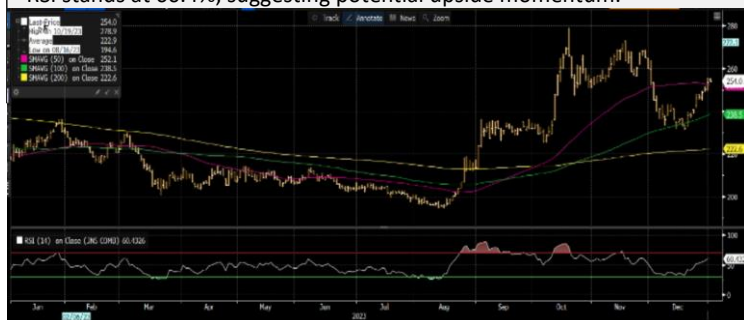
Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	33,450	+390
JPX TOPIX Mar 24	2,366	+33.5
JPX NK 400 Mar 24	21,375	+255
JPX TSE REIT Mar 24	1,788	+25.5
JPX NK 225 VI Jan 24	18.95	-0.10
JPX JGB 10 Year Mar 24	146.71	+0.28
JPX Gold 1 Kg Oct 24	9,419	+41
JPX Platinum Oct 24	4,515	+145
JPX Silver Oct 24	113.2	-1.1
JPX Palladium Oct 24	5,300	-200
JPX TSR20 Mar 24	218.0	+7.0
JPX Corn Nov 24	36,260	-990
JPX Dubai Crude May 24	66,440	-2,030

Source: JPX

Technical Analysis on the OSE May-2024 Contract:

In moderately active trading, OSE's May-2024 contract surged by JPY 10.9, closing at 253.4, influenced by substantial gains in overnight SHFE markets. The rally was further supported by light and fresh buying, contributing to a rise in open interest by 183 lots, with trading volume up by 1,794. The newly active June-2024 contract increased by JPY 11.9, reaching 256.5. Breaking the resistance level of 250.0, prices are on an upward trajectory. The support level for the May-2024 contract is anticipated at 248.0-250.0, with resistance at 258.0-260.0. The 14-day RSI stands at 60.4%, suggesting potential upside momentum.



Source: Bloomberg

Technical Analysis on the SGX SICOM Mar-2024 Contract:

SICOM's active Mar-2024 contract gained 6.4 cents, closing at 154.2 in robust trading volume. The surge was fueled by new speculative and arbitrage buying flows from overseas, resulting in heavy trading volume at 60,952 lots, an increase of 21,215 from the previous week. The rise in open interest by 2,944 lots suggests this fresh buying. The forward curve showed a slight flattening as near months experienced stronger rallies. Anticipated support levels are 152.0-153.0, with resistance at 158.0-159.5. The 14-day RSI is at 71.3%, signaling an over-bought condition.



Source: Bloomberg

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