

The Japan Rubber Futures Weekly Report:

11 Jan. 2020 – 15 Jan. 2021

Joseph Robinette Biden Jr. (Joe Biden) to be sworn in as the 46th US President on 20 January 2021

Rubber Futures Report:

Rubber Futures prices closed the week slightly lower in moderate trading. OSE near month rubber futures were higher on short covering in thin market condition on Jan and Feb futures. Processors were selling into any up-tick rally capping the upside and there were also some profit taking seen after the recent rally. Market sentiment remains positive as expectation of Global economic recovery in 2021 could lead to stronger car sales and demand for tyres. As the Covid-19 wave hit Malaysia, world's largest glove manufacturer Top Glove had 4 of its factories affected due to an outbreak. Honda and Toyota also announced to shut its multiple plants in Malaysia due to strict government lockdowns. On Global news, The US House of Representative impeached President Trump for inciting a mob on Capitol Hill while VP Mike Pence refused to invoke the 25th amendment law to oust the President. US equities were mostly lower after a poor Dec Retail Sales (-0.7%) while China will be releasing an important 4Q GDP on Monday 18/1 calling for +6.2% from +4.9% in 3Q. US President-elect Joe Biden will be sworn in as US 46th President amid tight security on Wed.

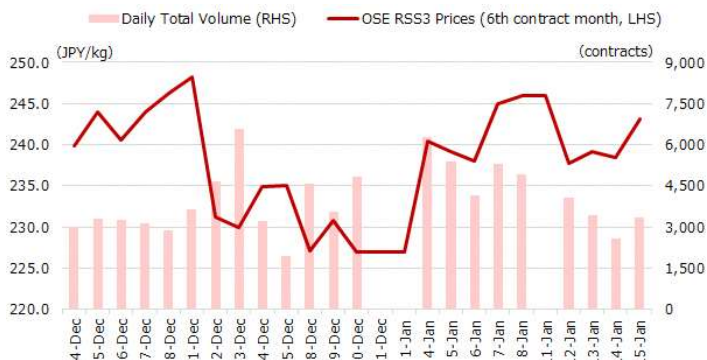
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jan 21	313.5	+26.4	SCR/RSS May 21	14,510	-265	Feb 21	159.2	-0.2	RSS3 Jun 21	68.30	-2.15
Feb 21	270.1	+7.6	SCR/RSS Sep 21	14,590	-240	Mar 21	162.0	-0.3	RSS3 Jul 21	68.40	-2.10
Mar 21	253.9	+0.6	Total Vol.	3,170,665	+578,848	Apr 21	163.6	-0.2	JRF May 21	245.4	-0.8
Apr 21	252.6	+0.1	Total OI	274,844	-11,491	May 21	164.7	-0.4	JRF Jun 21	242.6	-1.9
May 21	245.3	-3.2	INE TSR Mar21	10,880	-65	Jun 21	165.8	-0.5	ICEX Last (INR)	Net	
Jun 21	243.1	-2.8	INE TSR Apr21	10,985	-60	Jul 21	166.8	-0.6	RSS4 Feb 21	15,505	-74
Total Vol.	13,545	-12,491	Total Vol.	140,347	+21,826	Total Vol.	31,830	-3,396	MCX Last (INR)	Net	
Total OI	13,822	-256	Total OI	51,790	+3,157	Total OI	52,930	-1,784	RSS4 Jan 21	15,313	-108

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Dec)	5,601	+496
Shanghai SHFE Rubber Stocks (ton, 15 Jan)	173,832	+230
Shanghai INE Rubber Stocks (ton, 15 Jan)	52,437	-202
China Vehicle Total Sales (unit, 30 Nov)	2,769,666	+196,438
China Passenger Car Sales (unit, 30 Nov)	2,297,401	+187,844
China Commercial Car Sales (unit, 30 Nov)	472,265	+8,594
US Unemployment Rate (% Dec)	6.8	-0.1
US Non-Farm Payroll (Dec)	-140,000	-385,000
Japan Unemployment Rate (% Nov)	2.9	-0.2
Japan PMI (Dec)	49.7	+0.7
Japan Tankan Large Manufacturing (31/12)	-10	+17
China PMI (Dec)	51.9	-0.2
China GDP 3Q (%)	+4.9	+1.7

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	103.85	-0.09
EUR/USD	1.2082	-0.0136
GBP/USD	1.3590	+0.0022
USD/CHF	0.8910	+0.0055
AUD/USD	0.7703	-0.0054
USD/CNY	6.4809	+0.0063
USD/INR	73.0675	-0.1775
USD/SGD	1.3297	+0.0042
USD/MYR	4.0370	+0.0077
USD/THB	30.072	-0.064
USD/IDR	14,020	0
USD/VND	23,067	0

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	28,519.18	+380.15
TOPIX Japan	1,856.61	+1.67
Dow Jones US	30,814.26	-283.71
S&P 500 US	3,768.25	-56.43
Nasdaq US	12,998.50	-203.48
CSI 300 China	5,458.08	-37.35
Shanghai China	3,566.38	-3.73
HSI Hong Kong	28,573.86	+695.64
STI Singapore	3,004.87	+11.68
KLCI Malaysia	1,627.01	-6.18
SET Thailand	1,519.13	-17.31
IDX Indonesia	6,373.41	+115.58
VSE Vietnam	1,194.20	+26.51

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 21	28,460	+320
JPX TOPIX Mar 21	1,852.0	-6.5
JPX NK 400 Mar 21	16,825	-40
JPX TSE REIT Mar 21	1,736.0	-30.0
JPX NK 225 VI Feb 21	22.55	-0.65
JPX JGB 10 Year Mar 21	151.85	+0.07
JPX Gold 1 Kg Dec 21	6,183	-196
JPX Mini Gold 100g Dec 21	6,183	-196
JPX Gold Rolling Spot	6,174	-191
JPX Silver Dec 21	86.3	-4.7
JPX Platinum Dec 21	3,649	-56
JPX Palladium Dec 21	7,948	-124
JPX Corn Jan 22	27,760	+690

Source: JPX

Rubber Trading – Calendar Spread Analysis:

The calendar spread between OSE June futures and Feb Futures has widened to -27 (243.1-270.1) last week. This is due primarily to the short squeeze in the front month Jan which had spillover to the Feb contract. The largest differential remained at -35 which the speculator must exit the short spread positions if the differential exceeds -35. As for the processor who has RSS3 or RSS4 physical rubber to deliver he is probably more comfortable. For a spreader who has no physical to deliver it is recommended to exit at below -35 or when Jan expires.



Source: Bloomberg

Rubber Trading – Arbitrage Analysis:

The arbitrage between OSE active June futures against SGX SICOM June Futures is targeting a value of 0.26-0.30 which was the mean in 2020. OSE June at 243.1 (convert at JPY 103.85) is USD 2.341 less SICOM June futures 1.658 = 0.68. The June premium of OSE over SICOM was 0.703 last week and is narrowing. An arbitrageur would sell OSE June and Buy SICOM June in anticipation to see a smaller premium target of 0.30 or lower. Should the OSE premium exceeds the previous high at 0.87, the arbitrageur would consider exit the strategy play.



Source: Bloomberg

Contact us

Kensuke Yazu

Derivatives Business Development
Osaka Exchange, Inc.

Tel: +81 (0) 50 3377 8645

Email: deri-w2@jpx.co.jp

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