



The Japan Rubber Futures Weekly Report:

18 Jan. 2021 – 22 Jan. 2021

Rubber Futures Report:

Rubber Futures prices closed the week mostly lower after initial rally in the early part of the week but profit taking and long liquidation set in to close lower on Friday. China's SHFE and Thailand's TFE markets managed to close marginally higher. Growing fear of Covid-19 virus spreading globally is putting many countries on fresh lockdowns and putting both global equity markets on pause and profit taking in many commodities. Rubber prices started the week well after a stronger China 4Q GDP +6.5% bringing the full year China growth to +2.3%. The market continued to consolidate with sideway trading mostly by mid-week until sellers and profit taking set in to bring prices lower. Production in major producing countries seem to be in full capacity until March where the wintering season will occur in the Northern Hemisphere, some floods were reported in parts of Malaysia & Indonesia had little impact on rubber prices. Warehouse stocks in Japan & China were up slightly while China Dec Vehicles sales were +61,579 units. Focus will now be on the Agenda of the new US President Biden, newer Stimulus and how the Global economy weather the virus.

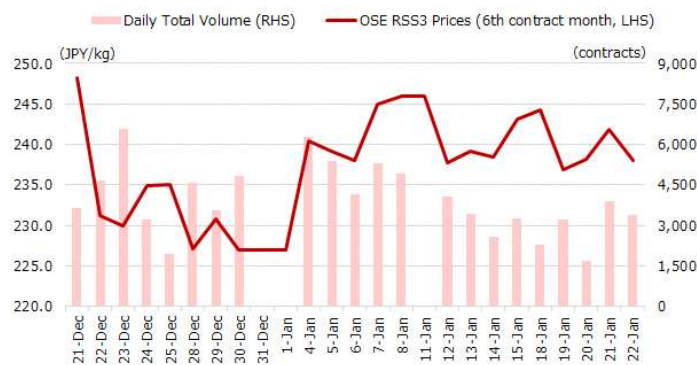
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jan 21	338.0	+24.5	SCR/RSS May 21	14,545	+35	Feb 21	156.1	-3.1	RSS3 Jun 21	68.75	+0.45
Feb 21	270.0	-0.1	SCR/RSS Sep 21	14,620	+30	Mar 21	159.5	-2.5	RSS3 Jul 21	68.85	+0.45
Mar 21	248.8	-5.1	Total Vol.	3,089,546	-81,119	Apr 21	161.1	-2.5	JRF May 21	240.2	-5.2
Apr 21	247.2	-5.4	Total OI	289,733	+16,087	May 21	162.4	-2.3	JRF Jun 21	238.0	-4.6
May 21	239.8	-5.5	INE TSR Mar21	10,710	-170	Jun 21	163.6	-2.2	ICEX	Last (INR)	Net
Jun 21	238.0	-5.1	INE TSR Apr21	10,830	-155	Jul 21	164.5	-2.3	RSS4 Feb 21	15,300	-205
Total Vol.	14,449	+904	Total Vol.	129,429	-10,918	Total Vol.	37,433	+5,603	MCX	Last (INR)	Net
Total OI	13,624	-198	Total OI	49,028	-2,052	Total OI	52,141	-789	RSS4 Feb 21	15,325	-400

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFE, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Jan)	5,703	+102
Shanghai SHFE Rubber Stocks (ton, 22 Jan)	174,664	+832
Shanghai INE Rubber Stocks (ton, 22 Jan)	53,918	+1,481
China Vehicle Total Sales (unit, 31 Dec)	2,831,245	+61,579
China Passenger Car Sales (unit, 31 Dec)	2,375,101	+77,700
China Commercial Car Sales (unit, 31 Dec)	456,144	-16,121
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 4Q (%)	+6.5	+1.6

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	103.78	-0.07
EUR/USD	1.2171	+0.0089
GBP/USD	1.3686	+0.0096
USD/CHF	0.8856	-0.0054
AUD/USD	0.7715	+0.0012
USD/CNY	6.4819	+0.0010
USD/INR	72.7963	-0.2712
USD/SGD	1.3286	-0.0011
USD/MYR	4.0433	+0.0063
USD/THB	29.989	-0.174
USD/IDR	14,035	+15
USD/VND	23,074	+7

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	28,631.45	+112.27
TOPIX Japan	1,856.64	+0.03
Dow Jones US	30,996.98	+182.72
S&P 500 US	3,841.47	+73.22
Nasdaq US	13,543.06	+544.56
CSI 300 China	5,569.78	+111.70
Shanghai China	3,606.75	+40.37
HSI Hong Kong	29,447.85	+873.99
STI Singapore	2,991.53	-13.34
KLCI Malaysia	1,596.74	-30.27
SET Thailand	1,497.88	-21.25
IDX Indonesia	6,307.13	-66.28
VSE Vietnam	1,166.78	-27.42

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 21	28,630	+170
JPX TOPIX Mar 21	1,855.5	+3.5
JPX NK 400 Mar 21	16,875	+50
JPX TSE REIT Mar 21	1,786.0	+50.0
JPX NK 225 VI Feb 21	25.10	+2.55
JPX JGB 10 Year Mar 21	151.86	+0.01
JPX Gold 1 Kg Dec 21	6,206	+23
JPX Mini Gold 100g Dec 21	6,206	+23
JPX Gold Rolling Spot	6,200	+26
JPX Silver Dec 21	85.6	-0.7
JPX Platinum Dec 21	3,670	+21
JPX Palladium Dec 21	7,948	0
JPX Corn Jan 22	26,950	-810

Source: JPX

Rubber Trading – Calendar Spread Analysis:

The front 2 months of OSE short squeeze in Jan and Feb months persist. We study the calendar spread between the active June futures and the Feb futures contract. The differential has widened from -27 to -32 (238.0-270.0) the possibility of the spread breaking the lowest level of -35.8 is near and the spreader has 2 options. One is to place a stop at -36 and close the position and second option is to close out once the Jan futures expires due to further steep backwardation and further short squeeze when Feb becomes the first month.



Source: Bloomberg

Rubber Trading – Arbitrage Analysis:

We continue to monitor the OSE June RSS futures and the SGX SICOM June TSR20 futures and perceived that an arbitrage could be possible by Selling OSE June (238.0) and Buying SICOM June (163.6) in hope of seeing the differential narrowing. Converting JPY 238.0 to USD (103.78) is 2.293 and less SICOM June futures is 0.65 (2.293-1.636). The arbitrageur target at 0.26-0.30 which was the mean in 2020 is still quite far off but the differential had narrowed from 0.703 to 0.68 to 0.65 the arbitrageur stays put and placed stops at the high of 0.87



Source: Bloomberg

Contact us

Kensuke Yazu

Derivatives Business Development
Osaka Exchange, Inc.

Tel: +81 (0) 50 3377 8645

Email: deri-w2@jpx.co.jp

Disclaimer

The copy rights for this document belong to Japan Exchange Group ("JPX") and part or all of this document shall not be reproduced, republished, uploaded, linked, posted, transmitted, adapted, copied, translated, modified, edited or otherwise displayed or distributed in any manner without JPX's prior consent.

This document is not an offer or solicitation to buy or sell, nor financial advice or recommendation for any investment product. This document is for general circulation of overview of JPX's Futures Markets only. It does not address the specific investment objectives, financial situation or particular needs of any person. Advice should be sought from a financial adviser regarding the suitability of any investment product before investing or adopting any investment strategies. Use of and/or reliance on this document is entirely at the reader's own risk. Investment products are subject to significant investment risks, including the possible loss of the principal amount invested. Past performance of investment products is not indicative of their future performance. Examples provided are for illustrative purposes only.

The information contained in this document has been compiled by a designated person/company from sources believed to be reliable, but no representation or warranty, express or implied, is made by JPX and the person/company as to its fairness, accuracy, completeness or correctness. JPX shall not be responsible or liable, whether under contract, tort including negligence or otherwise, for any loss or damage of any kind, whether direct, indirect or consequential losses, or other economic loss of any kind, including without limitation loss of profit, loss of reputation and loss of opportunity suffered or incurred by any person due to any omission, error, inaccuracy, incompleteness, or otherwise, any reliance on such information, or arising from and/or in connection with this document.

The information in this document is subject to change without notice and is provided in good faith but without legal responsibility or liability