

The Japan Rubber Futures Weekly Report:

30 Oct – 03 Nov 2023

Japan: Unemployment Rate 2.6% (-0.1%) in Sept, Industrial Production lower at 0.2% in Sept, Retail Sales +5.8% y/y in Sept

Rubber Futures Report:

World rubber futures closed mixed across major rubber exchanges. OSE futures closed slightly lower in quiet trading. SHFE and INE futures fell 1.7% and 1.6%, respectively, amid reduced trading volumes. Long liquidations have dominated the Chinese market, indicating limited buying activities following a recent market rally. The news of China's Manufacturing PMI falling below expectations at 49.5 in Oct also influenced rubber prices negatively. SICOM futures experienced a slight increase of 0.6%, underpinned by buying from physical players. China's tire maker, Sailun, is set to invest €200 mil in expanding its factory in Cambodia. Bridgestone has decided to shut down its plant in Rangsit, Thailand, after a 54-year run, though the other two factories in Rayong and Saraburi will continue their operations. The industry's challenge revolves around the EUDR; the regulation is poised to prohibit rubber imports to the EU when the land used for rubber plantations has been subject to deforestation after the close of 2020. Large corporations will come under the purview of this regulation starting in December 2024. In global news, the BOJ maintained its policy rate unchanged but eased the 10yr JGB yield cap to surpass 1%. Japan reported an unemployment rate of 2.6% in Sept, while Industrial Production dropped to 0.2%. The US unemployment rate increased by 0.1% to 3.9%, and non-farm payrolls were lower at 150,000 in Oct, lowering market expectations. This pushed the 10yr yield lower, reaching 4.576%, thereby triggering a rally in equities. The USD closed lower as expectations mount that interest rates may have peaked and inflation has eased.

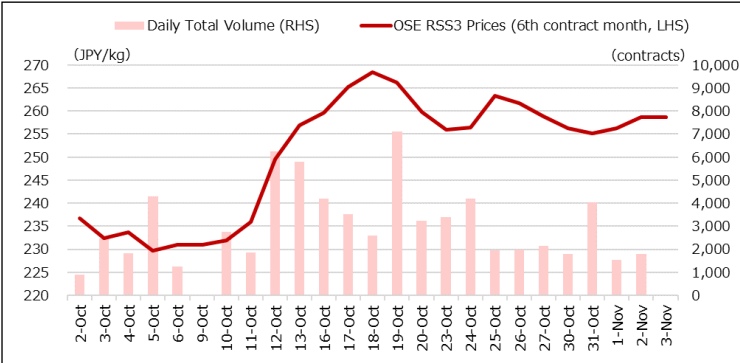
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Nov 23	253.5	-7.9	SCR/RSS Jan 24	14,260	-255	Nov 23	145.0	Expired	Mar 24	256.6	+0.6
Dec 23	249.8	-2.6	SCR/RSS May 24	14,350	-115	Dec 23	147.3	+2.5	Apr 24	259.0	+1.2
Jan 24	251.1	+4.1	Total Vol.	1,943,036	-521,354	Jan 24	146.5	+0.9	SHFE BR	Last (CNY)	Net
Feb 24	252.9	+3.6	Total OI	270,415	-4,841	Feb 24	146.3	+0.5	Jan 24	13,065	+95
Mar 24	256.3	+3.7	INE TSR Dec 23	10,735	-180	Mar 24	146.8	+0.9	Feb 24	12,900	+75
Apr 24	258.6	-0.2	INE TSR Jan 24	10,880	-115	Apr 24	147.3	+1.1	Mar 24	12,805	+60
Total Vol.	9,183	-4,476	Total Vol.	423,402	-379,755	Total Vol.	61,105	+4,067	Total Vol.	427,255	-234,877
Total OI	7,033	-2	Total OI	139,633	-4,051	Total OI	66,641	-1,952	Total OI	109,919	-6,691

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEEX, ICEX, MCB



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Oct)	4,431	-804
Shanghai SHFE Rubber Stocks (ton, 03 Nov)	247,558	-2,710
Shanghai INE Rubber Stocks (ton, 03 Nov)	81,467	+1,915
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 (% Oct 23)	3.9	+0.1
US Non-Farm Payroll (Oct 23)	150,000	-149,000
Japan Unemployment Rate (% Sep)	2.6	-0.1
Japan Manufacturing PMI (Oct)	48.5	+0.0
Japan Tankan Large Manufacturing (3Q 2023)	+9.0	+0.4
China Manufacturing PMI (Oct)	49.5	-0.7
China GDP 3Q 2023 (%)	4.9	-1.4

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	149.39	-0.27
EUR/USD	1.0731	+0.0166
GBP/USD	1.2380	+0.0258
USD/CHF	0.8988	-0.0035
AUD/USD	0.6513	+0.0178
USD/CNY	7.2754	-0.0419
USD/INR	83.285	+0.04
USD/SGD	1.3543	-0.0155
USD/MYR	4.7292	-0.0483
USD/THB	35.565	-0.532
USD/IDR	15,727.5	-211
USD/VND	24,561	-11

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	31,949.89	+958.20
TOPIX Japan	2,322.39	+67.74
Dow Jones US	34,061.32	+1,643.73
S&P 500 US	4,358.34	+240.97
Nasdaq US	13,478.29	+835.28
CSI 300 China	3,584.14	+21.75
Shanghai China	3,030.80	+13.02
HSI Hong Kong	17,664.12	+265.39
STI Singapore	3,143.66	+81.81
KLCI Malaysia	1,449.93	+8.03
SET Thailand	1,419.76	+31.53
IDX Indonesia	6,788.85	+30.06
VSE Vietnam	1,076.78	+16.16

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	31,880	+840
JPX TOPIX Dec 23	2,321.0	+65.0
JPX NK 400 Dec 23	20,785	+510
JPX TSE REIT Dec 23	1,827.0	-8.5
JPX NK 225 VI Nov 23	20.70	-1.75
JPX JGB 10 Year Dec 23	144.08	-0.34
JPX Gold 1 Kg Oct 24	9,595	+1
JPX Platinum Oct 24	4,434	+90
JPX Silver Oct 24	112.2	+0.4
JPX Palladium Oct 24	5,400	+0
JPX TSR20 Feb 24	218.0	-3.0
JPX Corn Nov 24	39,840	+440
JPX Dubai Crude Mar 24	77,150	-2,120

Source: JPX

Technical Analysis on the OSE Mar-2024 Contract:

OSE's new active Apr-2024 contract experienced a marginal decline of JPY 0.2, closing at 258.6 during a week of quiet trading. Weekly trading volume was smaller, with subdued trading activity on shortened trading days. OI remained nearly virtually unchanged from the previous week. The market returned from the over-bought condition as the 14-day RSI fell below the 60% level. Anticipated support levels for the Apr-2024 contract are 255.0 and 248.0, while resistance levels are 261.0 and 264.0. Prices are expected to consolidate for several more sessions before indicating a new price direction.



Source: Bloomberg

Technical Analysis on the SGX SICOM Jan-2024 Contract:

SICOM's Jan-2024 contract closed 0.9 cents higher, closing at 146.5, amid active trading. Trading volume rose 4,067 lots from the previous week. OI dipped by 1,952 lots, reflecting several short positions being closed alongside modest buying activities. The recent rally had lost its momentum, leading sellers and producers to offload their positions. The market sentiment remains steady, resulting in prices settling at a neutral level, 54% on the 14-day RSI. The forward curve flattened as the nearer Dec-2023 contract closed higher than the Jan-2024. Projected support levels are 144.5 and 142.5, while resistance levels are 149.0 and 151.0.



Source: Bloomberg

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