

# The Japan Rubber Futures Weekly Report:

04 Dec - 08 Dec 2023

Japan: Q3 GDP lower at -0.7% Q/Q, -2.9% Y/Y, Household spending -2.5% in Oct, Tokyo Core CPI 2.3%, FX Reserve USD 1.2697T in Nov

## Rubber Futures Report:

Global rubber futures closed the week lower across all exchanges, experiencing another week of long liquidation and speculative selling as traders reduced positions ahead of the year-end holidays. The downward trend in rubber prices was accelerated after Moody's, the US rating agency, downgraded China's credit rating outlook from stable to negative on Dec. 5th, citing concerns over a deepening property crisis, rising government debt, and a weakened stock market. Moody's projected China's economic growth to be 4% between 2024 and 2025. OSE rubber fell 7.5% due to long liquidation, while SHFE and INE rubber lost 2.0% and 0.8%, respectively, reflecting reduced positions. SICOM rubber closed marginally lower, with some long positions being closed out. In Japan, the 3Q GDP reported a decline of -2.9% y/y, and the BOJ hinted at a potential end to the negative interest rate policy, which significantly strengthened the JPY. The USD/JPY reached the 141 level before closing at 144.95. China looks heading for deflation, with a reported lower CPI of -0.5% and PPI of -3% in November, both below market expectations. In the US, the November unemployment rate improved to 3.7% from 3.9%, and the non-farm payroll showed stronger at 199,000 new jobs, contributing to a bond yield to close at 4.23%. WTI Crude oil prices touched USD 68.80 due to concerns over supply and high inventory and closed at 71.26. The year's upcoming and final FOMC meeting scheduled from Dec. 12th to 13th is widely expected to maintain its key policy rate at 5.25-5.50%.

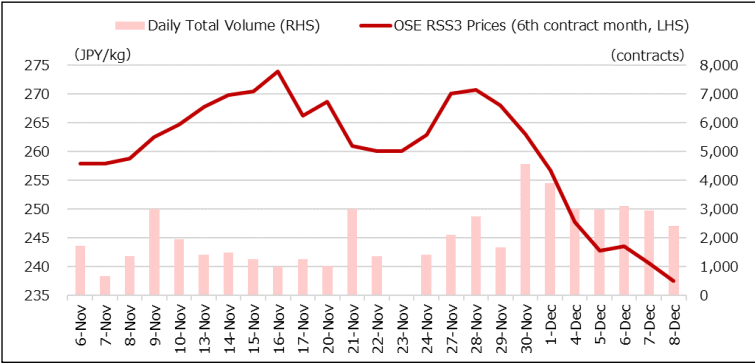
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Dec 23	236.7	-15.6	SCR/RSS Jan 24	13,260	-285	Jan 24	144.3	+0.9	Apr 24	240.8	-10.9
Jan 24	235.6	-16.5	SCR/RSS May 24	13,455	-270	Feb 24	144.9	+0.1	May 24	242.5	-12.5
Feb 24	234.3	-17.8	<b>Total Vol.</b>	<b>1,330,688</b>	<b>-347,751</b>	Mar 24	145.6	-0.3	<b>SHFE BR</b>	<b>Last (CNY)</b>	<b>Net</b>
Mar 24	234.8	-16.9	<b>Total OI</b>	<b>244,614</b>	<b>-12,607</b>	Apr 24	146.4	-0.4	Jan 24	11,750	-315
Apr 24	236.1	-17.7	INE TSR Feb 24	10,325	-85	May 24	147.2	-0.6	Feb 24	11,780	-320
May 24	237.5	-19.2	INE TSR Mar 24	10,470	-95	Jun 24	147.8	-0.3	Mar 24	11,800	-330
<b>Total Vol.</b>	<b>14,447</b>	<b>-530</b>	<b>Total Vol.</b>	<b>338,192</b>	<b>-87,691</b>	<b>Total Vol.</b>	<b>65,225</b>	<b>+7,412</b>	<b>Total Vol.</b>	<b>283,792</b>	<b>-99,548</b>
<b>Total OI</b>	<b>6,406</b>	<b>-1,688</b>	<b>Total OI</b>	<b>110,870</b>	<b>-13,284</b>	<b>Total OI</b>	<b>71,463</b>	<b>-4,797</b>	<b>Total OI</b>	<b>63,011</b>	<b>+3,465</b>

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MXX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 30 Nov)	3,195	-347
Shanghai SHFE Rubber Stocks (ton, 08 Dec)	169,500	+13,048
Shanghai INE Rubber Stocks (ton, 08 Dec)	107,856	+4,032
China Vehicle Total Sales (unit, 31 Oct 23)	2,852,570	-5,664
China Passenger Car Sales (unit, 31 Oct 23)	2,487,873	+599
China Commercial Car Sales (unit, 31 Oct 23)	364,697	-6,263
US Unemployment Rate (% , Nov 23)	3.7	-0.2
US Non-Farm Payroll (Nov 23)	199,000	+49,000
Japan Unemployment Rate (% , Oct)	2.5	-0.1
Japan Manufacturing PMI (Oct)	48.5	+0.0
Japan Tankan Large Manufacturing (3Q 2023)	+9.0	+0.4
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	144.95	-1.87
EUR/USD	1.0763	-0.0121
GBP/USD	1.2549	-0.0161
USD/CHF	0.8799	+0.0107
AUD/USD	0.6579	-0.0096
USD/CNY	7.1702	+0.0417
USD/INR	83.385	+0.09
USD/SGD	1.3421	+0.0086
USD/MYR	4.6645	-0.0090
USD/THB	35.528	+0.651
USD/IDR	15,517.5	+32.5
USD/VND	24,242.5	-44.8

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,307.86	-1,123.65
TOPIX Japan	2,324.47	-58.05
Dow Jones US	36,247.87	+2.37
S&P 500 US	4,604.37	+9.74
Nasdaq US	14,403.97	+98.94
CSI 300 China	3,399.46	-83.42
Shanghai China	2,969.56	-62.08
HSI Hong Kong	16,324.50	-505.80
STI Singapore	3,110.73	+20.42
KLCI Malaysia	1,441.97	-14.41
SET Thailand	1,380.99	+0.68
IDX Indonesia	7,159.60	+99.69
VSE Vietnam	1,124.44	+22.28

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	32,200	-1,140
JPX TOPIX Mar 24	2,318.0	-59.0
JPX NK 400 Mar 24	20,880	-575
JPX TSE REIT Mar 24	1,786.0	+1.0
JPX NK 225 VI Jan 24	20.90	+1.70
JPX JGB 10 Year Mar 24	144.99	-0.57
JPX Gold 1 Kg Oct 24	9,392	-320
JPX Platinum Oct 24	4,215	-148
JPX Silver Oct 24	112.2	-7.8
JPX Palladium Oct 24	4,600	-300
JPX TSR20 Mar 24	207.0	-13.0
JPX Corn Nov 24	38,900	-550
JPX Dubai Crude Apr 24	66,810	-5,660

Source: JPX

### Technical Analysis on the OSE May-2024 Contract:

OSE's new active May-2024 contract saw a significant 7.5% decline, closing at 237.5 amid active trading driven by long liquidation. Trading volume was 14,447 lots, while OI hit a new low of 6,406 lots, falling 1,688 lots from the previous week. OSE rubber prices faced downward pressure due to recent weakened sentiment from Chinese rubber futures markets. Anticipated support levels stand at 232.0 and 228.0, while resistance levels are 252.0 and 255.0. The 14-day RSI downed to 37.5%. The prices touched the 100-day moving average (the green line in the chart), which could serve as a potential support line.



Source: Bloomberg

### Technical Analysis on the SGX SICOM Mar-2024 Contract:

SICOM's active Mar-2024 contract marginally dropped 0.3 cents, closing at 145.6 in moderately active trading. Trading volume increased by 7,412 lots from the previous week, while OI saw a significant drop of 5,000 lots to 71,463, primarily driven by long liquidation flows. Prices are expected to find support in the 141.0-142.0 levels, where potential buying interest will be observed. The 14-day RSI is at 46%, suggesting a lack of clear price direction. Support levels are 142.0 and 140.5, while resistance levels are 146.5 and 149.0. The Mar-2024 contract is likely to move within the range of 140 to 150 for the remainder of the year.



Source: Bloomberg

## Contact us

### **Kensuke Yazu**

Derivatives Business Development  
Osaka Exchange, Inc.

Tel: +81 (0) 50 3377 8645

Email: [deri-w1@jpx.co.jp](mailto:deri-w1@jpx.co.jp)

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