

# The Japan Rubber Futures Weekly Report:

## 19 June 2023 – 23 June 2023

Japan's Industrial Production higher +0.7% m/m in Apr, Core CPI +3.2% in May, Manufacturing PMI lower at 49.8 in June

### Rubber Futures Report:

World rubber futures closed the week lower across all major exchanges due to subdued trading. Trading volume fell sharply in all exchanges for a week shortened in China by Dragon Boat Festival holidays. Rubber futures prices continued to drift lower on the concerns over a weaker Chinese economy, which is expected to result in sluggish rubber demand. On Tuesday, the PBOC lowered the one-year loan prime rate by ten basis points to 3.55%. A stronger USD arose from expectations of further interest rate hikes by the Fed and expanding production in African countries capped rubber prices. Rubber prices have been in a lower territory for the past three months, with sideways trading, creating a challenging environment for traders and producers. OSE futures' open interest reached a new high of 16,290 contracts since November 2020, attracting significant attention from market participants. In SICOM, the front-month contracts remained higher as consumers were paying premiums of 11 to 13 cents per kg for deliveries due to a tight spot market, causing the forward curve to flatten. In world news, the anticipation of a drought and the impact of the El Nino effect have influenced a rally in grain prices for soybean, wheat, and corn. Surprisingly, the BOE raised its main interest rate by 50 basis points on Thursday. During his semi-annual testimony on Tuesday to the Senate Banking Committee, Fed Chairman Powell reiterated that more rate hikes might be needed to curb inflation.

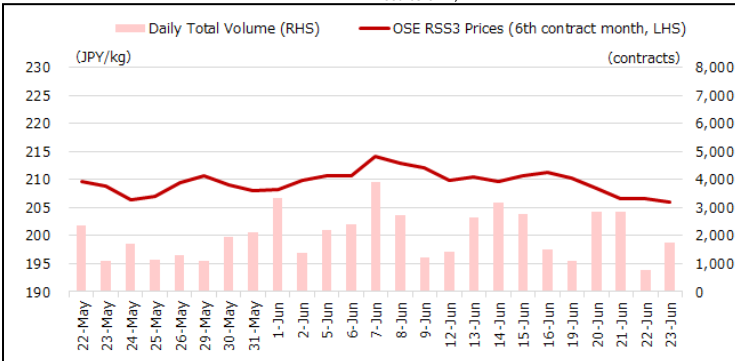
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX	Last (THB)	Net
Jun 23	200.6	-6.3	SCR/RSS Sep 23	12,080	-55	Jul 23	132.4	-1.9	RSS3 Oct 23	53.35	+1.75
Jul 23	202.4	-4.9	SCR/RSS Jan 24	13,295	-80	Aug 23	131.5	-2.2	RSS3 Nov 23	53.50	+1.85
Aug 23	203.7	-5.3	<b>Total Vol.</b>	<b>889,955</b>	<b>-648,030</b>	Sep 23	130.9	-2.3	JRF Oct 23	204.7	-4.5
Sep 23	202.5	-4.8	<b>Total OI</b>	<b>308,155</b>	<b>-6,868</b>	Oct 23	130.5	-2.8	JRF Nov 23	206.0	-4.5
Oct 23	204.5	-5.3	INE TSR Aug 23	9,705	-40	Nov 23	130.6	-2.9	<b>ICEX Last (INR)</b>	<b>Net</b>	
Nov 23	206.0	-5.3	INE TSR Sep 23	9,700	-45	Dec 23	130.8	-3.2	RSS4 Jul 23	Untraded	0
<b>Total Vol.</b>	<b>9,329</b>	<b>-2,199</b>	<b>Total Vol.</b>	<b>185,801</b>	<b>-100,002</b>	<b>Total Vol.</b>	<b>31,049</b>	<b>-15,426</b>	<b>MCX Last (INR)</b>	<b>Net</b>	
<b>Total OI</b>	<b>16,290</b>	<b>+513</b>	<b>Total OI</b>	<b>94,991</b>	<b>+3,435</b>	<b>Total OI</b>	<b>59,168</b>	<b>+1,350</b>	RSS4 Jul 23	Untraded	0

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Jun)	12,343	-37
Shanghai SHFE Rubber Stocks (ton, 23 Jun)	181,675	-909
Shanghai INE Rubber Stocks (ton, 23 Jun)	71,265	-202
China Vehicle Total Sales (unit, 31 May 23)	2,381,614	+222,910
China Passenger Car Sales (unit, 31 May 23)	2,051,123	+240,044
China Commercial Car Sales (unit, 31 May 23)	330,491	-17,134
US Unemployment Rate (% , May 23)	3.7	+0.3
US Non-Farm Payroll (May 23)	339,000	+45,000
Japan Unemployment Rate (% , Mar)	2.8	+0.2
Japan Manufacturing PMI (June)	50.8	+1.3
Japan Tankan Large Manufacturing (1Q 23)	1	-6
China Manufacturing PMI (May)	49.8	-1.0
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	143.70	+1.88
EUR/USD	1.0894	-0.0043
GBP/USD	1.2714	-0.0103
USD/CHF	0.8970	+0.0032
AUD/USD	0.6680	+0.0005
USD/CNY	7.1795	+0.0526
USD/INR	82.035	+0.1013
USD/SGD	1.3519	+0.0144
USD/MYR	4.6783	+0.0636
USD/THB	35.234	+0.579
USD/IDR	14,999	+59
USD/VND	23,525	-10

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,781.54	-924.54
TOPIX Japan	2,264.73	-35.63
Dow Jones US	33,727.43	-571.69
S&P 500 US	4,348.33	-61.26
Nasdaq US	13,492.52	-197.05
CSI 300 China	3,864.03	-99.32
Shanghai China	3,197.90	-75.43
HSI Hong Kong	18,889.97	-1,150.40
STI Singapore	3,191.60	-68.43
KLCI Malaysia	1,390.89	+2.28
SET Thailand	1,506.62	-52.77
IDX Indonesia	6,639.73	-58.82
VSE Vietnam	1,129.38	+14.16

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 23	32,670	-980
JPX TOPIX Sep 23	2,259.0	-33.5
JPX NK 400 Sep 23	20,550	-310
JPX TSE REIT Sep 23	1,818.0	-26.0
JPX NK 225 VI July 23	19.45	+0.65
JPX JGB 10 Year Sep 23	148.78	+0.46
JPX Gold 1 Kg Apr 24	8,814	-31
JPX Platinum Apr 24	4,172	-240
JPX Silver Apr 24	102.3	-5.0
JPX Palladium Apr 24	6,400	+200
JPX TSR20 Sep 23	187.0	+0.0
JPX Corn July 24	45,090	+2,490
JPX Dubai Crude Nov 23	62,900	-510

Source: JPX

### Technical Analysis on the OSE Nov-2023 Contract:

OSE's active Nov-2023 contract slid JPY5.3 to JPY206 under a new sell-off despite a new high of open interest at 16,290 contracts. Trading activities were generally quiet amid low trading volume as Chinese markets closed on Thursday and Friday. The support level will be 205.0 and 201.0, while the resistance level will be 210.1 and 213.9. The 14-day RSI is 38.5%. The market remains weak sentiment, and the bearish trends persist; the price will likely dip lower to test crucial support at 200-201 levels.



Source: Bloomberg

### Technical Analysis on the SGX SICOM Sep-2023 Contract:

SICOM's active September-2023 contract dropped 2.3 cents to 130.9. Trading was muted, with a dropping trading volume of over 15,000 contracts from the previous week. The open interest increased by 1,350 lots in response to building new selling positions. The price stayed at a crucial support level of 129.5/130.0, and closing below the 129.0 level could signal further drops. The resistance level will be 134.5 and 135.0. The 14-day RSI dropped to 41.2%, indicating that the market sentiment remains soft. Progress on drought and El Nino has yet to impact rubber prices so far.



Source: Bloomberg

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