

The Japan Rubber Futures Weekly Report:

12 July 2021 – 16 July 2021

Note: Japan June PPI higher at +5.0% year on year, May core Machinery Orders higher at +12.2% year on year

Rubber Futures Report:

Rubber Futures prices closed the week generally mixed to higher in quiet trading. Volume was down in all exchanges as traders were cautious and uncertain about market direction. OSE RSS3 rubber futures continues to be remain weak due to some long liquidation and the lack of new buyers while both SHFE and INE markets saw renewed buying interest after a string of strong economic data released from China. China reported 2Q GDP +7.9% year on year, June Industrial production was stronger at +8.3% and June Retail Sales was also stronger at +12.1%. On SGX SICOM rubber futures closed slightly higher on short covering and some traders were switching from Aug futures to Sept due to the month-end expiring Aug contract. June vehicle sales in China fell another 112,412 units. Market sentiment has improved slightly as prices had closed above some short-term Technical levels. On Global news, the delta variant had hit more infectious cases in Europe and in US while inflationary concern continues to keep the market in check & global stocks are taking a breather. US Dow Jones were down 182 points on week after the US indices broke several new highs.

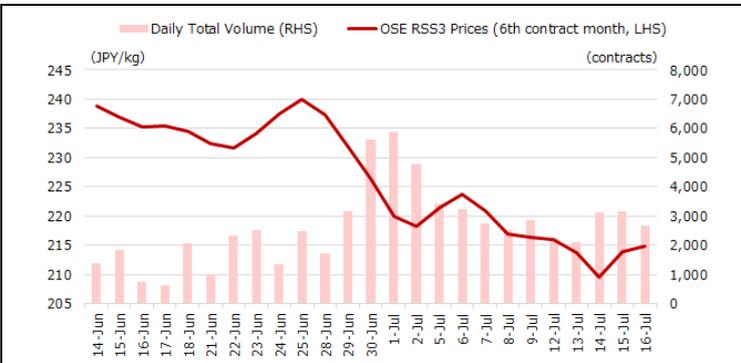
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jul 21	211.1	-3.9	SCR/RSS Sep 21	13,475	+90	Aug 21	166.1	+3.4	RSS3 Nov 21	62.75	+1.05
Aug 21	213.1	-3.4	SCR/RSS Jan 22	14,520	+140	Sep 21	165.5	+3.2	RSS3 Dec 21	62.85	+1.00
Sep 21	214.6	+0.1	Total Vol.	2,665,990	-98,921	Oct 21	165.8	+2.8	JRF Nov 21	217.7	+0.6
Oct 21	216.0	-0.5	Total OI	333,734	+17,258	Nov 21	166.4	+2.8	JRF Dec 21	218.0	+0.5
Nov 21	215.0	-1.4	INE TSR Sep 21	10,855	+125	Dec 21	167.0	+2.6	ICEX	Last (INR)	Net
Dec 21	214.9	-1.5	INE TSR Oct 21	11,000	+115	Jan 22	168.0	+2.8	RSS4 Aug 21	17,179	-77
Total Vol.	13,306	-1,517	Total Vol.	83,638	-43,153	Total Vol.	27,531	-3,748	MCX	Last (INR)	Net
Total OI	12,619	-189	Total OI	32,491	+175	Total OI	35,462	+521	RSS4 July 21	17,020	+121

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 30 June)	8,667	+164
Shanghai SHFE Rubber Stocks (ton, 16 July)	190,615	+2,457
Shanghai INE Rubber Stocks (ton, 16 July)	52,558	-1,462
China Vehicle Total Sales (unit, 30 June)	2,015,309	-112,412
China Passenger Car Sales (unit, 30 June)	1,569,081	-76,956
China Commercial Car Sales (unit, 30 June)	446,228	-35,456
US Unemployment Rate (% June)	5.9	+0.1
US Non-Farm Payroll (June)	850,000	+267,000
Japan Unemployment Rate (% May)	3.0	+0.2
Japan PMI (June)	51.5	-1.5
Japan Tankan Large Manufacturing (2Q)	+14	+9
China PMI (June)	50.9	-0.1
China GDP 2Q (%)	+7.9	-10.4

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	110.07	-0.07
EUR/USD	1.1806	-0.0070
GBP/USD	1.3767	-0.0134
USD/CHF	0.9194	+0.0047
AUD/USD	0.7401	-0.0087
USD/CNY	6.4792	+0.0002
USD/INR	74.5612	-0.0763
USD/SGD	1.3571	+0.0060
USD/MYR	4.2055	+0.0138
USD/THB	32.80	+0.23
USD/IDR	14,498	-29.5
USD/VND	23,010	+19

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	28,003.08	+62.66
TOPIX Japan	1,932.19	+19.81
Dow Jones US	34,687.85	-182.31
S&P 500 US	4,327.16	-42.39
Nasdaq US	14,427.24	-274.68
CSI 300 China	5,094.77	+25.33
Shanghai China	3,539.30	+15.21
HSI Hong Kong	28,004.68	+660.14
STI Singapore	3,152.30	+20.90
KLCI Malaysia	1,522.48	+1.90
SET Thailand	1,574.37	+22.28
IDX Indonesia	6,072.51	+32.67
VSE Vietnam	1,299.31	-47.83

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 21	27,930	-280
JPX TOPIX Sep 21	1,926.5	-2.0
JPX NK 400 Sep 21	17,325	-25
JPX TSE REIT Sep 21	2,159.5	+3.0
JPX NK 225 VI Aug 21	20.10	-1.45
JPX JGB 10 Year Sep 21	152.26	+0.04
JPX Gold 1 Kg Jun 22	6,450	+83
JPX Mini Gold 100g Jun 22	6,450	+83
JPX Gold Rolling Spot	6,456	+93
JPX Silver Jun 22	93.7	+1.8
JPX Platinum Jun 22	4,000	+174
JPX Palladium Jun 22	10,000	-181
JPX Corn July 22	34,660	+1,040

Source: JPX

Rubber Trading – Technical Analysis (OSE Dec Rubber futures):

OSE Dec futures drifted lower all week in quiet trading and thin volume, it closed on Friday at 214.9 (-1.5). Both volume and open interest were down in uneventful trading. RSI remains on the low end at 35% although some rebound was seen on Friday. Support is seen at 209/210 level and resistance is at 228.0 then 236.0. Again this week RSS3 is performing weaker than TSR20 which closed generally higher. We do expect further rebound and short covering despite the short term down trend.



Source: Bloomberg

Rubber Trading – Inter-Market Arbitrage (INE vs SICOM Aug Rubber):

The INE Aug futures closed at 10,690 while the SICOM Aug futures settled at 166.1. Converting the INE to USD 10,690/6.4792 = \$1650 per tonne. The spread closed at 1650-1661 = -11 and the arbitrageur who had a GTC stop at -10 was elected and he squared his position taking a loss this time. The arbitrageur who initiated the inter-market spread arbitrage at +8.4 had a bad trade and losing 18 ticks, partly due to the time of expiring month in Aug. He now looks for a new trade opportunity.



Source: Bloomberg

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