



The Japan Rubber Futures Weekly Report:

17 July 2023 – 21 July 2023

Japan's CPI +3.3% y/y in June, Machine Tool Orders -21.1% in June, and Trade Balance higher JPY +43 Billion in June

Rubber Futures Report:

World rubber futures closed the week lower across all major exchanges due to stop-loss selling backed by speculative selling. The concern over a slowing Chinese economy and potential deflationary conditions has dampened rubber demand and exerted further downward pressure on rubber prices. OSE rubber futures dropped 1.6%, attributed to the liquidation of long positions. Similarly, in active trading, SHFE and INE futures fell by 2.4% and 2.3%, respectively. SICOM futures recorded a 3% drop, driven by new speculative selling activities. On Monday, China reported a 2Q GDP growth rate of 6.3%, lower than the market's expectation of 7.1%. This news has sparked speculation about the possibility of the PBOC implementing further interest rate cuts to stimulate the economy. China's Shandong Haohua Tyre has received approval from the Vietnamese Government to construct a production facility worth USD 500 mil in Binh Phuoc province. In other global news, Russia's suspension of the Black Sea grain and sugar export has heightened concerns about potential disruptions in the supply chain. India has rejected a proposal from Chinese automaker BYD to construct a USD 1 bil factory in the country. President Putin warned Poland that any aggression against Belarus would be regarded as an attack on Russia. The global equities market closed with mixed results as traders await the upcoming Fed meeting on July 26th to see whether there will be a 25 basis points hike in the rate. On July 28th, SHFE will be launching new futures contracts for synthetic rubber, specifically for SBR.

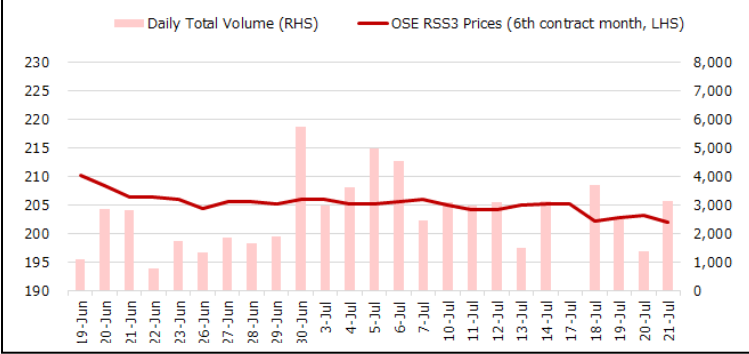
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX	Last (THB)	Net
Jul 23	200.4	+0.1	SCR/RSS Sep 23	12,125	-295	Aug 23	127.8	-3.8	RSS3 Nov 23	50.95	-1.0
Aug 23	200.4	-0.8	SCR/RSS Jan 24	13,080	-210	Sep 23	127.3	-3.6	RSS3 Dec 23	51.15	-0.8
Sep 23	200.1	+1.8	Total Vol.	1,682,825	+13,407	Oct 23	126.8	-3.8	JRF Nov 23	202.9	-1.6
Oct 23	201.5	-0.3	Total OI	323,282	-11,671	Nov 23	126.8	-3.9	JRF Dec 23	202.8	-2.4
Nov 23	201.8	-2.8	INE TSR Sep 23	9,315	-220	Dec 23	127.0	-4.2	ICEX	Last (INR)	Net
Dec 23	202.0	-3.2	INE TSR Oct 23	9,335	-210	Jan 24	127.4	-4.4	RSS4 Aug 23	Untraded	+0
Total Vol.	10,755	-3,018	Total Vol.	395,535	+18,034	Total Vol.	46,786	-12,381	MCX	Last (INR)	Net
Total OI	14,445	-1,438	Total OI	107,5000	+7,445	Total OI	65,916	+1,715	RSS4 Aug 23	Untraded	+0

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 July)	11,748	-504
Shanghai SHFE Rubber Stocks (ton, 21 July)	186,320	+921
Shanghai INE Rubber Stocks (ton, 21 July)	73,382	-1
China Vehicle Total Sales (unit, 30 June 23)	2,622,392	+240,778
China Passenger Car Sales (unit, 30 June 23)	2,267,821	+216,698
China Commercial Car Sales (unit, 30 June 23)	354,571	+24,080
US Unemployment Rate (% June 23)	3.6	-0.1
US Non-Farm Payroll (June 23)	209,000	-16,000
Japan Unemployment Rate (% June)	2.6	+0.0
Japan Manufacturing PMI (June)	50.8	+1.3
Japan Tankan Large Manufacturing (2Q 23)	+5.0	+0.4
China Manufacturing PMI (May)	49.8	-1.0
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	141.73	+2.93
EUR/USD	1.1124	-0.0104
GBP/USD	1.2854	-0.0239
USD/CHF	0.8658	+0.0038
AUD/USD	0.6729	-0.0109
USD/CNY	7.1880	+0.0046
USD/INR	81.9575	-0.2088
USD/SGD	1.3307	+0.0092
USD/MYR	4.5627	+0.0360
USD/THB	34.432	-0.217
USD/IDR	15,027	+68
USD/VND	23,656	+10

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,314.50	-76.76
TOPIX Japan	2,262.20	+23.10
Dow Jones US	35,227.69	+718.66
S&P 500 US	4,536.34	+30.92
Nasdaq US	14,032.80	-80.90
CSI 300 China	3,821.91	-77.19
Shanghai China	3,167.75	-69.95
HSI Hong Kong	19,076.00	-337.78
STI Singapore	3,271.40	+22.77
KLCI Malaysia	1,413.52	+1.43
SET Thailand	1,529.25	+11.33
IDX Indonesia	6,880.80	+11.23
VSE Vietnam	1,185.90	+17.50

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 23	32,270	-70
JPX TOPIX Sep 23	2,258.5	+23.0
JPX NK 400 Sep 23	20,495	+235
JPX TSE REIT Sep 23	1,855.0	+2.5
JPX NK 225 VI Aug 23	19.10	+0.10
JPX JGB 10 Year Sep 23	147.78	+0.45
JPX Gold 1 Kg June 24	8,874	+192
JPX Platinum June 24	4,288	+22
JPX Silver June 24	111.3	+1.9
JPX Palladium June 24	5,800	+0
JPX TSR20 Oct 23	178.00	-2.0
JPX Corn July 24	41,290	+2,280
JPX Dubai Crude Dec 23	67,500	+1,180

Source: JPX

Technical Analysis on the OSE Dec-2023 Contract:

OSE's active Dec-2023 contracts declined by JPY 3.2 to 202.0 in relatively active trading. The trading volume fell 3,018 contracts compared to the previous week, and the open interest also dropped by 1,438 contracts, indicating the liquidation of long positions. Despite this, the price managed to stay above the crucial support level at 200.0, but a potential close below 200.0 could signal a further slide to the 190.0 level. The market sentiment remains bearish, and a continuous downward trend is expected. The support levels will be 200.0 and 195.0, while the resistance levels will be 206.0 and 208.4, respectively. The current 14-day RSI stands at 38.5%.



Source: Bloomberg

Technical Analysis on the SGX SICOM Oct-2023 Contract:

SICOM's Oct-2023 contracts closed nearly 3% lower at 126.8. Although the weekly trading volume decreased, the open interest added 1,715 contracts, indicating the creation of new short positions. During the week, the price broke the critical support level at 129.5-130.0 level, triggering stop-loss selling and the initiation of new short positions. The overall market sentiment has become increasingly gloomy, and further price declines could be expected. The support levels will be 126.0 and 122.0, while the resistance levels will be 130.0 and 132.5. The 14-day RSI is 31.7%, indicating an almost oversold level.



Source: Bloomberg

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