

The Japan Rubber Futures Weekly Report:

27 Nov – 01 Dec 2023

Japan: Retail Sales lower at +4.2% y/y in Oct, Industrial Production higher +1.0% m/m in Oct, Jobless Rate lower at 2.5% in Oct

Rubber Futures Report:

Global rubber futures saw a decline this week, primarily attributed to long-liquidation activities by speculative and commodity funds. There was substantial selling observed on both the SHFE and INE markets, influenced by concerns regarding an increase in respiratory illnesses in China, heightening fears of a potential resurgence of a pandemic. Furthermore, weaker Manufacturing PMI figures from China hinted at a slowdown in demand for vehicle sales. OSE rubber dropped 3.5%, SHFE and INE rubber fell 2.7% and 3.4%, respectively, and SICOM rubber shed 3.9%. Apart from OSE, led by fresh-selling flows, other exchanges saw significant long-liquidation, reducing open interest. Market sentiment has turned bearish due to these declines, suggesting continued downward pressure in the coming weeks. In global updates, Japan's October unemployment rate improved by 0.1 percentage points to 2.5%, while the Job-to-Application ratio increased to 1.30. China's October Manufacturing PMI was lower at 49.4, while the US 3Q GDP rose to +5.2% from the previous +4.9%. At an event in Atlanta, Fed Chairman Powell stated that the Fed would exercise "carefully" and retain the option of a rate hike when deemed appropriate. Global equities exhibited a mixed response amid market consensus of rate cuts as early as March 2024. Gold prices surged, driven by robust ETF and call options buying, fueled by expectations of rate cuts and a decline in the USD. 10-year US treasury yields dropped to 4.21%, while 10-year futures saw a strong rally, closing at 110.45. The USD/JPY strengthened, closing at 146.82, marking its lowest level in nearly two months.

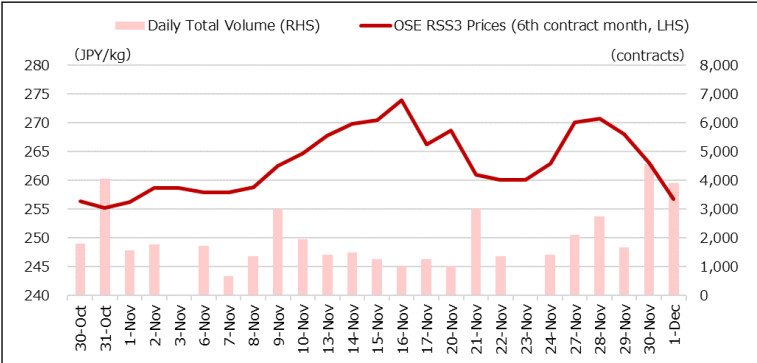
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Dec 23	252.3	-5.7	SCR/RSS Jan 24	13,545	-375	Dec 23	143.3	Expired	Apr 24	251.7	-13.7
Jan 24	252.1	-7.4	SCR/RSS May 24	13,725	-395	Jan 24	143.4	-6.6	May 24	255.0	-12.0
Feb 24	252.1	-6.9	Total Vol.	1,678,439	-280,948	Feb 24	144.8	-6.4	SHFE BR	Last (CNY)	Net
Mar 24	251.7	-8.6	Total OI	257,221	-16,802	Mar 24	145.9	-5.9	Jan 24	12,065	-140
Apr 24	253.8	-9.1	INE TSR Jan 24	10,230	-360	Apr 24	146.8	-5.7	Feb 24	12,100	-130
May 24	256.7	-9.3	INE TSR Feb 24	10,410	-360	May 24	147.8	-5.3	Mar 24	12,130	-115
Total Vol.	14,977	+8,207	Total Vol.	425,883	+23,485	Total Vol.	57,813	-8,490	Total Vol.	383,340	+22,617
Total OI	8,094	+699	Total OI	124,154	-18,665	Total OI	76,260	-4,147	Total OI	59,546	-42,280

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Nov)	3,345	-347
Shanghai SHFE Rubber Stocks (ton, 01 Dec)	156,452	+15,696
Shanghai INE Rubber Stocks (ton, 01 Dec)	103,824	+4,718
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 (% Oct 23)	3.9	+0.1
US Non-Farm Payroll (Oct 23)	150,000	-149,000
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	146.82	-2.62
EUR/USD	1.0884	-0.0056
GBP/USD	1.2710	+0.0107
USD/CHF	0.8692	-0.0138
AUD/USD	0.6675	+0.0090
USD/CNY	7.1285	-0.0205
USD/INR	83.295	-0.080
USD/SGD	1.3335	-0.0066
USD/MYR	4.6735	-0.0118
USD/THB	34.877	-0.0515
USD/IDR	15,485	-80
USD/VND	24,287.3	+20.0

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	33,431.51	-194.02
TOPIX Japan	2,382.52	-8.42
Dow Jones US	36,245.50	+855.35
S&P 500 US	4,594.63	+35.29
Nasdaq US	14,305.03	+54.17
CSI 300 China	3,482.88	-55.13
Shanghai China	3,031.64	-9.33
HSI Hong Kong	16,830.30	-729.12
STI Singapore	3,090.31	-4.50
KLCI Malaysia	1,456.38	+2.46
SET Thailand	1,380.31	-17.12
IDX Indonesia	7,059.91	+50.28
VSE Vietnam	1,102.16	+6.55

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	33,420	-180
JPX TOPIX Dec 23	2,379.0	-9.5
JPX NK 400 Dec 23	21,485	-110
JPX TSE REIT Dec 23	1,811.0	-21.0
JPX NK 225 VI Dec 23	18.05	-0.10
JPX JGB 10 Year Dec 23	146.29	+0.63
JPX Gold 1 Kg Oct 24	9,712	+150
JPX Platinum Oct 24	4,363	+14
JPX Silver Oct 24	120.0	+4.7
JPX Palladium Oct 24	4,900	-100
JPX TSR20 Mar 24	220.0	-4.0
JPX Corn Nov 24	39,450	-200
JPX Dubai Crude Apr 24	72,470	-1,040

Source: JPX

Technical Analysis on the OSE May-2024 Contract:

OSE's new active May-2024 contract closed JPY 9.3 lower at 266.0 in active trading. Trading volume increased by 8,207 lots from the previous week, while open interest rose marginally by 699. Global players and long-liquidation flows contributed to a decline in rubber prices across major exchanges. Anticipated support levels are 260.0 and 257.0, while resistance levels are between 270 and 272. The 14-day RSI declined to 41%. OSE rubber futures could face further downward pressure due to a sluggish USD/JPY, which surged to 146.82 on Friday, and the weaker Chinese rubber markets.



Source: Bloomberg

Technical Analysis on the SGX SICOM Mar-2024 Contract:

SICOM's active Mar-2024 contract dropped 3.9%, closing at 145.9 cents this week in moderately active trading. Weekly trading volume dropped by 8,490 lots compared to the previous week, and open interest reduced by 4,147 lots due to intense selling pressure from long liquidation, indicating losses on the bullish side this week. Anticipated support levels are 142.5 and 140.0, while resistance levels are 148.0 and 151.0. The 14-day RSI currently stands at 42%, signaling a shift to a bearish market sentiment. Substantial buying interest may emerge as prices reach the 140.0-142.0 levels or lower.



Source: Bloomberg

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