

The Japan Rubber Futures Weekly Report:

31 July 2023 – 04 Aug 2023

Japan: June Jobless Rate -0.1 at 2.5%, June Retail Sales 5.9% y/y, July Manufacturing PMI 49.6, Services PMI 53.8%

Rubber Futures Report:

World rubber futures closed the week downward across all exchanges, with a decrease in trading volume. The market lacked news catalysts, and several exchanges saw prices reach new lows. Fundamental and technical indicators continue to show a persistent bearish trend. OSE rubber dropped 1%, coinciding with a new record high in OI over the past two years. Similarly, SHFE and INE rubber fell by 1.5% and 1.4%, accompanied by significant decreases in trading volume. SICOM rubber also lost 2%, driven by light selling activity. On the demand side, there are lingering concerns about the Chinese economy, which is the world's largest consumer of natural rubber. China's weakened rubber demand and high inventories have created downward pressure on global prices. The Manufacturing PMI for July, showing a consecutive 4-month decline, also amplified concerns among producers. The report by the Indonesian newspaper Kompas highlighted the industry's challenging conditions; the absence of government assistance and the closure of 9 factories in Northern Sumatra have worsened the industry's outlook. Moreover, the scarcity of raw materials (cup lumps) is a result of decreased tapping activities driven by the persistently low rubber prices. China's new BR futures traded 360,872 contracts in its first week, with a notable OI of 68,778. In other world news, the US unemployment rate declined to 3.5% in July, while the non-farm payroll slightly decreased to 187,000.

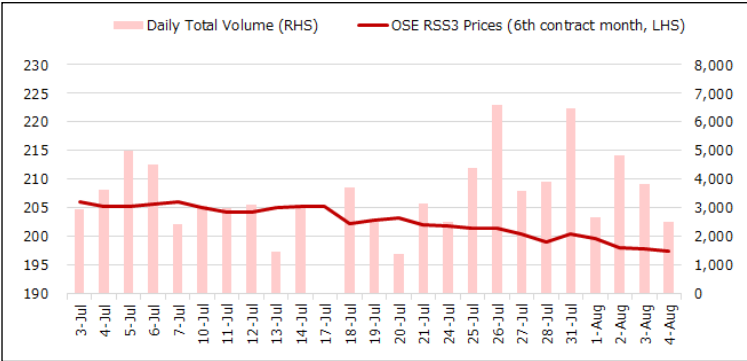
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX	Last (THB)	Net
Aug 23	197.3	-1.0	SCR/RSS Sep 23	12,005	-185	Aug 23	130.9	Expired	JRF Dec 23	197.9	-1.4
Sep 23	196.7	-2.3	SCR/RSS Jan 24	12,950	-185	Sep 23	128.1	-2.5	JRF Jan 24	197.3	-1.8
Oct 23	197.7	-2.8	Total Vol.	1,397,880	-119,319	Oct 23	127.8	-2.7	SHFE	Last (CNY)	Net
Nov 23	198.2	-1.0	Total OI	320,337	+644	Nov 23	127.9	-2.6	BR Jan 24	11,325	+605
Dec 23	197.6	-1.6	INE TSR Oct 23	9,390	-135	Dec 23	128.5	-2.5	BR Feb 24	11,220	+625
Jan 24	197.5	-1.6	INE TSR Nov 23	9,425	-130	Jan 24	129.3	-2.2	BR Mar 24	11,145	+580
Total Vol.	20,366	-667	Total Vol.	284,625	-157,655	Total Vol.	42,700	-9,624	Total Vol.	360,872	-
Total OI	17,466	+968	Total OI	105,976	+6,836	Total OI	68,857	+979	Total OI	68,778	+47,917

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 July)	11,302	-446
Shanghai SHFE Rubber Stocks (ton, 04 Aug)	198,866	+9,198
Shanghai INE Rubber Stocks (ton, 04 Aug)	72,072	-1,713
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 (% , July 23)	3.5	-0.1
US Non-Farm Payroll (July 23)	187,000	+2,000
Japan Unemployment Rate (% , July)	2.5	-0.1
Japan Manufacturing PMI (July)	49.6	+0.2
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	141.76	+0.0060
EUR/USD	1.1006	-0.0010
GBP/USD	1.2749	-0.0102
USD/CHF	0.8725	+0.0027
AUD/USD	0.6570	+0.0020
USD/CNY	7.1729	+0.0244
USD/INR	82.8425	+0.5862
USD/SGD	1.3395	+0.0079
USD/MYR	4.5540	-0.0010
USD/THB	34.716	+0.473
USD/IDR	15,170	+65
USD/VND	23,725.5	+33.5

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,192.75	-566.48
TOPIX Japan	2,274.63	-15.98
Dow Jones US	35,065.62	-393.67
S&P 500 US	4,478.03	-104.20
Nasdaq US	13,909.24	-407.42
CSI 300 China	4,020.58	+27.84
Shanghai China	3,288.08	+12.15
HSI Hong Kong	19,539.46	-377.10
STI Singapore	3,292.39	-78.78
KLCI Malaysia	1,445.21	-5.14
SET Thailand	1,530.46	-12.81
IDX Indonesia	6,852.84	-47.39
VSE Vietnam	1,225.98	+18.31

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 23	32,150	-620
JPX TOPIX Sep 23	2,271.0	-19.5
JPX NK 400 Sep 23	20,535	-205
JPX TSE REIT Sep 23	1,840.5	-37.0
JPX NK 225 VI Aug 23	20.25	+2.15
JPX JGB 10 Year Sep 23	146.36	-1.02
JPX Gold 1 Kg June 24	8,855	+130
JPX Platinum June 24	4,173	-6
JPX Silver June 24	108.0	+0.1
JPX Palladium June 24	5,800	+0
JPX TSR20 Nov 23	183.0	+1.6
JPX Corn July 24	40,100	-310
JPX Dubai Crude Dec 23	72,810	+3,300

Source: JPX

Technical Analysis on the OSE Jan-2024 Contract:

OSE's active Jan-2024 contract dropped JPY1.6 to 197.5 in active trading. The daily average trading volume the week was around 4,000 contracts, and the OI reached a new high of 17,466, driven by new positions being created. Market sentiment remained bearish as the price hit a new low, and the 14-day RSI signaled an oversold condition at 26.3%. The support levels will be 195.0 and 192.0, while the resistance levels will be 200.5 and 205.6. The price is likely to continue drifting lower, remaining in the downtrend for some time. However, a close above 206.0 could signal a potential reversal of this bearish trend.



Source: Bloomberg

Technical Analysis on the SGX SICOM Nov-2023 Contract:

SICOM's Nov-2023 contracts declined by 2.6 cents, closing at 127.9 in moderate trading activity of 42,700 contracts. The increase in open interest by 979 contracts was driven by fresh selling, reflecting a bearish sentiment in the market. The substantial support level will be 126.5, the previous low, followed by 23.0, while the resistance levels will be 130.5 and 134.0. The 14-day RSI is now at 39.7, and there is still room on the downside. The overall outlook remains bearish from a technical perspective, signaling a possible downtrend continuation.



Source: Bloomberg

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