

The Japan Rubber Futures Weekly Report:

03 July 2023 – 07 July 2023

Japan 2Q Tankan report for Large Manufacturing +5 from +1 in 1Q, May Household Spending lower at -4.0% y/y

Rubber Futures Report:

World rubber futures closed the week slightly higher across all major exchanges. Over the past three months, prices have exhibited a sideways movement, lacking a clear trend or direction. OSE rubber futures closed unchanged, accompanied by a 50% surge in trading volume from the previous week. SHFE and INE futures gained 3.8% and 1.1%, respectively, driven by robust trading activity and increased speculative buying interest. SICOM futures closed slightly higher in active transactions. According to a report from Kompas, a major newspaper in Indonesia, the rubber industry has been adversely affected by low prices. The report highlights that over the past five years, 45 factories have closed down as a result. The decline in rubber production in Indonesia resulted in a shortage of raw materials and the conversion of rubber plantations into palm oil by some farmers. Indonesia's rubber association, Gapkindo, reported a sharp decline in rubber factories from 152 in 2017 to 107 in 2022. Without an improvement in prices, more factories are expected to cease operations. In other world news, Japan's 2Q Tankan report revealed an improvement in large manufacturing, rising to +5 from +1 in 1Q. US-China trade tensions heightened as China imposed restrictions on chipmaking materials, Gallium and Germanium. The US reported a lower non-farm payroll of 209,000 but saw an improved unemployment rate of 3.6% in June.

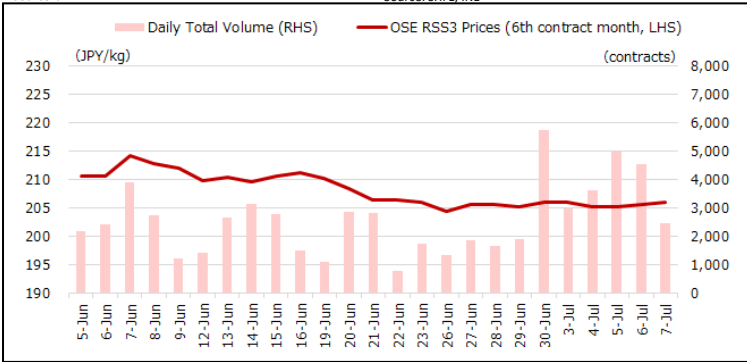
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX	Last (THB)	Net
Jul 23	200.1	-1.4	SCR/RSS Sep 23	12,485	+460	Aug 23	131.4	+0.6	RSS3 Nov 23	53.60	+0.55
Aug 23	202.7	+0.1	SCR/RSS Jan 24	13,365	+220	Sep 23	130.8	+0.6	RSS3 Dec 23	53.60	+0.40
Sep 23	199.5	-0.7	Total Vol.	1,620,375	+404,965	Oct 23	130.5	+0.7	JRF Nov 23	204.4	+0.1
Oct 23	204.2	+1.6	Total OI	330,920	+30,424	Nov 23	130.6	+0.8	JRF Dec 23	205.4	-0.4
Nov 23	205.5	+1.5	INE TSR Sep 23	9,695	+105	Dec 23	130.9	+0.8	ICEX	Last (INR)	Net
Dec 23	206.0	0	INE TSR Oct 23	9,705	+90	Jan 24	131.6	+1.1	RSS4 Aug 23	Untraded	0
Total Vol.	18,553	+6,069	Total Vol.	329,702	+6,165	Total Vol.	48,749	+4,362	MCX	Last (INR)	Net
Total OI	17,105	-741	Total OI	95,142	+158	Total OI	62,261	+870	RSS4 Aug 23	Untraded	0

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

FOREX	Last	Net
USD/JPY	142.21	-2.1
EUR/USD	1.0967	+0.0058
GBP/USD	1.2839	+0.0136
USD/CHF	0.8887	-0.0069
AUD/USD	0.6690	+0.0026
USD/CNY	7.2254	-0.0283
USD/INR	82.7425	+0.7025
USD/SGD	1.3468	-0.0056
USD/MYR	4.6665	0
USD/THB	35.130	-0.0152
USD/IDR	15,143	+77
USD/VND	23,653	+70

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,388.42	-800.62
TOPIX Japan	2,254.90	-33.70
Dow Jones US	33,734.88	-672.72
S&P 500 US	4,398.95	-51.43
Nasdaq US	13,660.71	-127.21
CSI 300 China	3,825.70	-16.75
Shanghai China	3,196.61	-5.45
HSI Hong Kong	18,365.70	-550.73
STI Singapore	3,196.61	-66.44
KLCI Malaysia	1,377.67	+0.99
SET Thailand	1,490.51	-12.72
IDX Indonesia	6,716.46	+54.58
VSE Vietnam	1,138.07	+17.89

Source: JPX, Bloomberg

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Jun)	12,549	+206
Shanghai SHFE Rubber Stocks (ton, 07 July)	181,391	+2,544
Shanghai INE Rubber Stocks (ton, 07 July)	71,568	+1,613
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 (% , 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

JPX Derivatives	Last	Net
JPX NK225 Sep 23	32,430	-740
JPX TOPIX Sep 23	2,254.0	-34.0
JPX NK 400 Sep 23	20,430	-330
JPX TSE REIT Sep 23	1,833.5	-9.5
JPX NK 225 VI July 23	20.30	+1.20
JPX JGB 10 Year Sep 23	148.12	-0.43
JPX Gold 1 Kg June 24	8,829	-28
JPX Platinum June 24	4,147	-1,353
JPX Silver June 24	106.0	-0.2
JPX Palladium June 24	5,900	-200
JPX TSR20 Oct 23	189.0	+0
JPX Corn July 24	41,280	-2,140
JPX Dubai Crude Nov 23	66,190	+1,210

Source: JPX

Technical Analysis on the OSE Dec-2023 Contract:

OSE's active Dec-2023 contract closed unchanged from the previous week at 206.0. Although the prices traded within a narrow range, the market witnessed active trading, with volume surging by over 6,000 contracts. There was some close-out trading, resulting in a decline of 741 contracts in OI from its current record level. The crucial support level remains at 200.0, and a potential close below 199.0 may trigger a further decline toward 191-192 levels. The resistance level will be 211.0 and 219.0. The 14-day RSI is now at 41.1%. The sideways market will likely continue for a while.



Source: Bloomberg

Technical Analysis on the SGX SICOM Oct-2023 Contract:

SICOM's active Oct-2023 contract grew 0.7 cents at 130.5. The prices have remained near the critical support level of 129.5-130.0 for the past three weeks. Despite a trading range, there has been an increase in volume and open interest led by new buying trading flows. The support level will remain at 129.5/130.0, and the resistance level will be 134.5/135.0. The 14-day RSI is at 44.8%. The price currently sits below the three moving averages, indicating a prevailing bearish market sentiment. A potential close below 129.0 or above 135.0 could shift to a new trading range.



Source: Bloomberg

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