

The Japan Rubber Futures Weekly Report:

04 Sep – 08 Sep 2023

Japan: 2Q GDP were lower at +1.2% Q/Q, +4.8% Y/Y, July Household Spending -2.7% M/M, Aug BOJ PMI Services 54.3

Rubber Futures Report:

World rubber futures closed the week higher across major exchanges. The significant surge in trading volumes was led by fresh speculative buying and short-covering. OSE rubber futures surged by 4.3%, with record trading volume and a sharp decline in OI driven by short-covering. SHFE and INE futures soared 4.0% and 5.8% in heavy trading volume, respectively, and SICOM futures rallied 6.5%, setting records in trading volume. There were no apparent fundamental changes in the rubber industry, but concerns about supply shortages, optimism for the Chinese economic recovery, the effect of El Nino, and buying flows of commodity funds partly explain the recent rally. In Indonesia, it has been reported that 46 factories have ceased operations over the past five years, accounting for nearly one-third of all factories in the country. Malaysia reported a 4.5% drop in rubber production to 28,533 tonnes in July. A prolonged rubber price decline has led to farmers avoiding tapping and processing factories shutting down operations. However, if the recent price trend continues, it could reverse this trend. On the demand side, US rubber shipments showed a positive increase of 2.2% in July, its first positive signal this year. Goodyear plans to cut 15% of its workforce in a restructuring schedule in Europe, the Middle East, and Africa. China's large tire companies saw a 6% decrease in sales for 2022 due to the lockdowns and supply chain restrictions. In other news, global stocks declined this week amid growing expectations that the Fed will adopt a hawkish stance, potentially leading to rate hikes. The USD strengthened against most other currencies accordingly.

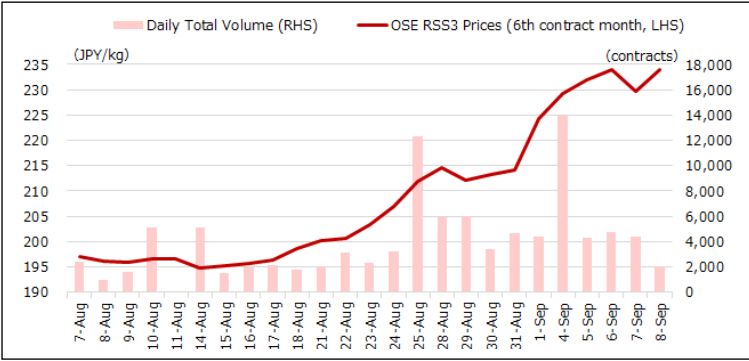
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Sep 23	232.1	+10.5	SCR/RSS Jan 24	14,400	+550	Oct 23	143.3	+8.6	Jan 24	229.0	-2.0
Oct 23	226.5	+5.6	SCR/RSS May 24	14,350	+495	Nov 23	142.5	+8.5	Feb 24	230.2	-1.8
Nov 23	227.7	+6.8	Total Vol.	4,158,044	+2,283,109	Dec 23	141.9	+8.7	SHFE BR	Last (CNY)	Net
Dec 23	228.8	+7.6	Total OI	292,071	-3,902	Jan 24	141.9	+8.6	Jan 24	13,850	+1,070
Jan 24	231.6	+7.7	INE TSR Nov 23	11,015	+610	Feb 24	141.8	+8.5	Feb 24	13,600	+1,085
Feb 24	233.9	+9.7	INE TSR Dec 23	10,885	+525	Mar 24	141.8	+8.2	Mar 24	13,515	+845
Total Vol.	29,427	+5,010	Total Vol.	955,620	+281,429	Total Vol.	101,941	+34,778	Total Vol.	2,951,469	+2,603,825
Total OI	10,135	-5,094	Total OI	141,624	+20,980	Total OI	69,990	+883	Total OI	178,764	+18,058

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Aug)	9,213	-922
Shanghai SHFE Rubber Stocks (ton, 08 Sep)	229,376	+11,834
Shanghai INE Rubber Stocks (ton, 08 Sep)	68,948	+605
China Vehicle Total Sales (unit, 31 July 23)	2,386,932	-235,460
China Passenger Car Sales (unit, 31 July 23)	2,099,849	-167,972
China Commercial Car Sales (unit, 31 July 23)	287,083	-67,488
US Unemployment Rate (% Aug 23)	3.8	+0.3
US Non-Farm Payroll (Aug 23)	187,000	+30,000
Japan Unemployment Rate (% July)	2.5	-0.1
Japan Manufacturing PMI (July)	49.7	+0.1
Japan Tankan Large Manufacturing (2Q 23)	+5.0	+0.4
China Manufacturing PMI (Aug)	49.7	+0.4
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	147.83	+1.61
EUR/USD	1.0700	-0.0080
GBP/USD	1.2468	-0.0122
USD/CHF	0.8931	+0.0080
AUD/USD	0.6376	-0.0080
USD/CNY	7.3439	+0.0775
USD/INR	82.945	+0.2262
USD/SGD	1.3657	+0.0130
USD/MYR	4.6770	+0.0305
USD/THB	35.658	+0.565
USD/IDR	15,327.5	+85.5
USD/VND	24,061	-24

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,606.84	-103.78
TOPIX Japan	2,359.02	+9.27
Dow Jones US	34,516.59	-261.12
S&P 500 US	4,457.49	-58.28
Nasdaq US	13,761.53	-270.28
CSI 300 China	3,739.99	-51.50
Shanghai China	3,116.72	-16.53
HSI Hong Kong	18,202.07	-179.99
STI Singapore	3,207.75	-25.55
KLCI Malaysia	1,454.95	-8.48
SET Thailand	1,547.17	-14.34
IDX Indonesia	6,924.78	-52.87
VSE Vietnam	1,241.48	+17.43

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	32,420	-60
JPX TOPIX Dec 23	2,340.5	+14.0
JPX NK 400 Dec 23	21,135	+140
JPX TSE REIT Dec 23	1,891.5	+3.0
JPX NK 225 VI Oct 23	19.95	+0.05
JPX JGB 10 Year Dec 23	146.24	-0.08
JPX Gold 1 Kg Aug 24	9,107	+36
JPX Platinum Aug 24	4,285	-170
JPX Silver Aug 24	109.9	-4.9
JPX Palladium Aug 24	5,900	0
JPX TSR20 Dec 23	208.0	+14
JPX Corn Sept 24	39,060	-890
JPX Dubai Crude Jan 24	78,730	+2,600

Source: JPX

Technical Analysis on the OSE Feb-2024 Contract:

OSE's active Feb-2024 contract experienced another strong week, gaining JPY9.7 at 233.9 in active trading. Weekly trading volume reached 29,427 contracts, the level since November 2020, while open interest significantly dropped by 5,104 contracts to 10,135, led by intense liquidation and short-covering. The 14-day RSI returned 71.1% from the previous week's 87.4%. New support levels will be 229.0 and 225.0, while the resistance levels will be 236.0 and 240.0. This recent rally has turned market sentiment bullish, and some consolidation in a chart and buying on dips may follow in the next few sessions.



Source: Bloomberg

Technical Analysis on the SGX SICOM Dec-2023 Contract:

SICOM's new active Dec-2023 contract surged 8.7 cents to 141.9 in active trading. Week trading volume soared more than 100,000 contracts for the first time, with a historical daily trading volume of 29,407 on Sep 4th. Open interest had little changes at 70,038. The 14-day RSI reached 78%, reflecting a solid bullish sentiment among long positions. The anticipated support levels will be 138 and 139, while the resistance levels will be 143 and 145, where profit-taking and selling may be expected. This market has made a significant shift from bearish to bullish sentiment.



Source: Bloomberg

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