

The Japan Rubber Futures Weekly Report:

06 Nov – 10 Nov 2023

Japan: Service PMI higher at 51.6 in Oct, Household Spending weaker at -2.8 in Sept, Foreign Exchange Reserves JPY 1.238T in Oct

Rubber Futures Report:

Global rubber futures closed the week with mixed results in uncertain and directionless trading. Rubber prices closed higher in major exchanges except for the INE market. OSE rubber rose 2.3% amid subdued trading, influenced by a weakening JPY. SHFE futures closed marginally higher, seeing increased trading volume supported by fresh buying, while INE futures lost 1.8% with fresh light selling. SICOM futures increased by 0.7%, driven by fresh speculative and physical arbitrage buying. SICOM is closed on Nov. 13th for a national holiday. Recent rubber price rallies have stalled due to growing concerns about China's economic recovery, potentially leading to slower demand for rubber. WTI crude oil dropped by \$3.16 per barrel, reaching \$77.35 and hitting a weekly low of \$74.91, driven by concerns about high inventory levels, indicating reduced oil demand. In other news, BOJ governor Ueda commented on Nov. 8th that excessively volatile JPY movements would be considered side effects of the monetary policy. The JPY closed higher against the USD in New York, reaching 151.52. At the IMF meeting, Fed Chairman Powell commented on the Fed's commitment to achieving the 2% inflation target but also acknowledged uncertainty regarding successful inflation management. The USD strengthened against major currencies as the 10-year bond yield rebounded, closing at 4.646%. Moody's downgraded the US credit rating outlook from stable to negative, attributed to higher interest rates and broader budget deficits. At the APEC Summit, US President Biden is scheduled to meet with Chinese President Xi Jinping on Nov. 15th to defuse tensions and restore ties.

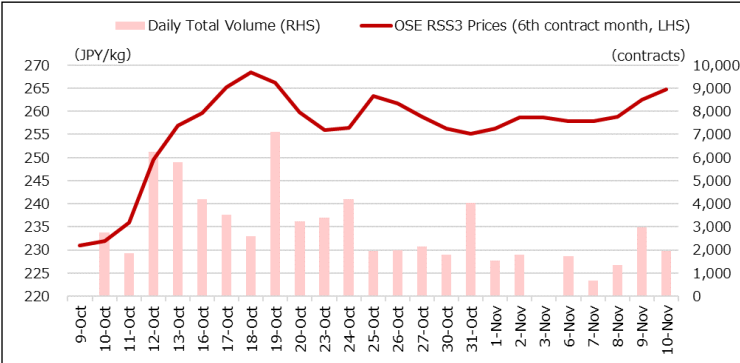
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Nov 23	280.0	+26.5	SCR/RSS Jan 24	14,295	+35	Dec 23	146.5	-0.8	Mar 24	261.9	+5.3
Dec 23	267.8	+18.0	SCR/RSS May 24	14,425	+75	Jan 24	146.6	+0.1	Apr 24	264.2	+5.2
Jan 24	264.2	+13.1	Total Vol.	2,291,015	+347,979	Feb 24	147.3	+1.0	SHFE BR	Last (CNY)	Net
Feb 24	261.9	+9.0	Total OI	280,543	+10,128	Mar 24	147.8	+1.0	Jan 24	12,450	-615
Mar 24	262.2	+5.9	INE TSR Dec 23	10,495	-240	Apr 24	148.4	+1.1	Feb 24	12,330	-570
Apr 24	264.7	+6.1	INE TSR Jan 24	10,685	-195	May 24	149.2	+1.2	Mar 24	12,260	-545
Total Vol.	8,701	-482	Total Vol.	489,721	+66,319	Total Vol.	82,288	+21,183	Total Vol.	451,786	+24,531
Total OI	7,155	+122	Total OI	140,528	+895	Total OI	72,704	+6,083	Total OI	118,897	+8,978

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Oct)	3,948	-483
Shanghai SHFE Rubber Stocks (ton, 03 Nov)	250,646	+3,088
Shanghai INE Rubber Stocks (ton, 03 Nov)	89,532	+8,065
China Vehicle Total Sales (unit, 30 Sept 23)	2,858,234	+275,833
China Passenger Car Sales (unit, 30 Sept 23)	2,487,274	+214,492
China Commercial Car Sales (unit, 30 Sept 23)	370,960	+61,341
US Unemployment Rate (% Oct 23)	3.9	+0.1
US Non-Farm Payroll (Oct 23)	150,000	-149,000
Japan Unemployment Rate (% Sep)	2.6	-0.1
Japan Manufacturing PMI (Oct)	48.5	0
Japan Tankan Large Manufacturing (3Q 2023)	+9.0	+0.4
China Manufacturing PMI (Oct)	49.5	-0.7
China GDP 3Q 2023 (%)	4.9	-1.4

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	151.52	+2.13
EUR/USD	1.0686	-0.0045
GBP/USD	1.2227	-0.0153
USD/CHF	0.9027	+0.0039
AUD/USD	0.6361	-0.0152
USD/CNY	7.2855	+0.0101
USD/INR	83.3438	+0.0588
USD/SGD	1.3605	+0.0062
USD/MYR	4.7085	-0.0207
USD/THB	35.992	+0.427
USD/IDR	15,695	-32.5
USD/VND	24,325	-236

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,568.11	+618.22
TOPIX Japan	2,336.72	+14.33
Dow Jones US	34,283.10	+221.78
S&P 500 US	4,415.24	+56.90
Nasdaq US	13,798.11	+319.82
CSI 300 China	3,586.49	+2.35
Shanghai China	3,038.97	+8.17
HSI Hong Kong	17,203.26	-460.86
STI Singapore	3,106.68	-36.98
KLCI Malaysia	1,445.18	-4.75
SET Thailand	1,389.57	-30.19
IDX Indonesia	6,808.26	+20.41
VSE Vietnam	1,101.68	+24.90

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	32,580	+700
JPX TOPIX Dec 23	2,337.0	+16.0
JPX NK 400 Dec 23	21,030	+245
JPX TSE REIT Dec 23	1,808.0	-19.0
JPX NK 225 VI Nov 23	19.55	-1.15
JPX JGB 10 Year Dec 23	144.54	+0.46
JPX Gold 1 Kg Oct 24	9,519	-76
JPX Platinum Oct 24	4,152	-282
JPX Silver Oct 24	110.5	-1.7
JPX Palladium Oct 24	5,100	-300
JPX TSR20 Feb 24	220.0	+2.0
JPX Corn Nov 24	39,220	-620
JPX Dubai Crude Apr 24	73,200	-3,060

Source: JPX

Technical Analysis on the OSE Apr-2024 Contract:

OSE's new active Apr-2024 contract gained JPY 6.1, closing at 264.7. The trading activities remained subdued, with weekly volume dropping by 482 lots. The market was supported by a weakening JPY against the USD, which closed at 151.52 this week. Open interest saw a modest increase of 122 lots, suggesting a lack of fresh activities. Market sentiment remains positive, and the potential for year-end demand could uphold prices. Anticipated support levels are 260.0 and 257.0, while resistance levels will be 269.0 and 272.0. The 14-day RSI stands at 67.7%, indicating a potential trading range of 260.0-269.0 in the upcoming week.



Source: Bloomberg

Technical Analysis on the SGX SICOM Feb-2024 Contract:

SICOM's active Feb-2024 contract closed 1 cent higher at 147.3 in active trading. The weekly trading volume saw a notable increase of 21,000 lots, with fresh solid buying, particularly on Friday, contributing to a rise in open interest by 6,063 lots compared to the preceding week. Stable physical rubber demand was observed, including some arbitrage buying ahead of the year-end deliveries. Expected support levels are 145.0 and 144.0, while resistance levels persist at 150.0 and 151.0, the recent high level. The 14-day RSI stands at 56.6%. Market sentiment remains stable, and closing above 150.0 could signal a further price rally.



Source: Bloomberg

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