

The Japan Rubber Futures Weekly Report:

07 Aug – 11 Aug 2023

Japan: Current Account Balance at JPY 1,508.8B in June, Machinery Tool Orders -19.8% and PPI higher at 3.6% y/y in July

Rubber Futures Report:

World rubber futures closed the week with mixed results across rubber exchanges. RSS3 prices revealed weaker sentiment, while TSR20 showed gains for the week. Trading volumes dropped across all exchanges, reflecting trading within a narrow range. OSE rubber futures slipped by 0.5% in subdued trading, despite reaching a 2-year high at 17,771 contracts of open interest. SHFE futures dropped slightly, while INE TSR20 increased by 1.4% due to position closures and short covering. SICOM futures rose 1.0%, driven by light speculative buying activity. China's looming deflationary concerns and gloomy economic conditions amplified the expectation of weaker rubber demand, pushing rubber prices to a continuing downward trend. In response, the IRSG has called on more investment from the Common Fund for Commodities (CFC) to support rubber farmers and smallholders struggling with the current low prices. Indonesian Trade Minister mentioned at a press conference to seek for a partnership with Thailand to turn the market trend as the two largest producing countries face the challenges of declining rubber prices. In other news, China recorded a substantial loan drop, reaching RMB 345.9 billion in July, the lowest in 14 years. The US CPI was 3.2% in July, slightly lower than market expectations. The global stock markets exhibited a mixed outcome, and the USD appreciated against major currencies as US Treasury yields concluded the week on an upward trajectory.

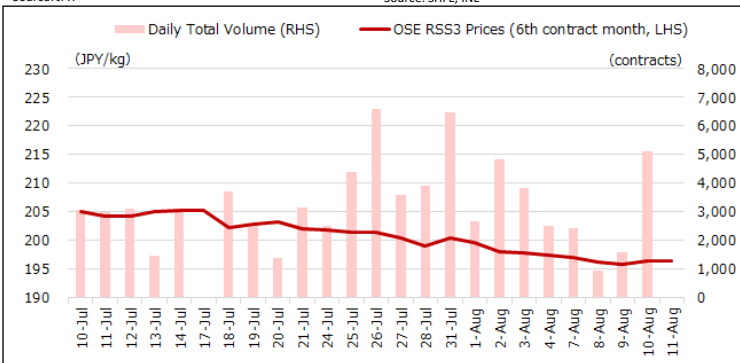
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFXE JRF	Last (THB)	Net
Aug 23	195.0	-2.3	SCR/RSS Sep 23	11,990	-15	Sep 23	129.4	+1.3	Dec 23	197.5	-0.4
Sep 23	196.0	-0.7	SCR/RSS Jan 24	13,000	+50	Oct 23	129.2	+1.4	Jan 24	197.3	+0.0
Oct 23	196.3	-1.4	Total Vol.	994,731	-453,149	Nov 23	129.4	+1.5	SHFE BR	Last (CNY)	Net
Nov 23	196.7	-1.5	Total OI	302,095	-18,242	Dec 23	129.7	+1.2	Jan 24	11,310	-15
Dec 23	196.7	-0.9	INE TSR Oct 23	9,525	+135	Jan 24	130.5	+1.2	Feb 24	11,260	+40
Jan 24	196.5	-1.0	INE TSR Nov 23	9,560	+135	Feb 24	131.0	+1.3	Mar 24	11,190	+45
Total Vol.	10,055	-10,311	Total Vol.	243,066	-41,559	Total Vol.	35,479	-7,221	Total Vol.	175,276	-185,596
Total OI	17,771	+305	Total OI	99,992	-5,984	Total OI	69,674	+817	Total OI	93,312	+24,534

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFXE, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 July)	10,996	-306
Shanghai SHFE Rubber Stocks (ton, 11 Aug)	200,155	+1,289
Shanghai INE Rubber Stocks (ton, 11 Aug)	69,854	-2,218
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	144.96	+3.20
EUR/USD	1.0949	-0.0057
GBP/USD	1.2696	-0.0053
USD/CHF	0.8767	+0.0042
AUD/USD	0.6496	-0.0074
USD/CNY	7.2395	+0.0666
USD/INR	82.8438	+0.0013
USD/SGD	1.3522	+0.0127
USD/MYR	4.5880	+0.0340
USD/THB	35.097	+0.381
USD/IDR	15,219	+49
USD/VND	23,753	+27.5

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,473.65	+280.90
TOPIX Japan	2,303.51	+28.88
Dow Jones US	35,281.40	+215.78
S&P 500 US	4,464.05	-13.98
Nasdaq US	13,644.85	-264.39
CSI 300 China	3,884.25	-136.33
Shanghai China	3,189.25	-98.83
HSI Hong Kong	19,075.19	-464.27
STI Singapore	3,294.28	+1.89
KLCI Malaysia	1,457.16	+11.95
SET Thailand	1,535.16	+4.70
IDX Indonesia	6,879.98	+27.14
VSE Vietnam	1,232.21	+6.23

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 23	32,560	+410
JPX TOPIX Sep 23	2,307.5	+36.5
JPX NK 400 Sep 23	20,875	+340
JPX TSE REIT Sep 23	1,872.5	+32
JPX NK 225 VI Sept 23	19.60	+0.35
JPX JGB 10 Year Sep 23	146.95	+0.59
JPX Gold 1 Kg June 24	8,871	+16
JPX Platinum June 24	4,120	-53
JPX Silver June 24	105.5	-2.5
JPX Palladium June 24	5,800	+0
JPX TSR20 Nov 23	185.0	+2.0
JPX Corn July 24	40,270	+170
JPX Dubai Crude Jan 24	74,920	+3,030

Source: JPX

Technical Analysis on the OSE Jan-2024 Contract:

OSE's active Jan-2024 contract dropped JPY 1.0, closing at 196.5 in relatively quiet trading. The OI surged to a new high at 17,771 contracts, while the trading volume was halved from the previous week due to a national holiday on Friday. The prevailing market sentiment maintained its bearish trend, as prices continued their gradual downward drift. The mild support levels are projected at 195.0 and 192.0, and the resistance levels will be 200.0 and 204.6, the 50-day Moving Average. Weak technical signals and subdued demand will lead to a bearish market. The 14-day RSI hovers around the oversold threshold at 33%.



Source: Bloomberg

Technical Analysis on the SGX SICOM Nov-2023 Contract:

SICOM's Nov-2023 contract gained 1.5 cents to settle at 129.4 in relatively subdued trading. The OI increased on fresh speculative selling despite reduced trading volume due to shorter days. The contract has traded within a narrow 126.0-130.0 range recently. The 14-day RSI recovered to a neutral level of 50.2%. The support levels will be 126.0-126.5 levels, and the resistance levels will be 130.5 and 134.0. A break above 131.0 could signal a firmer market sentiment and a new trading range.



Source: Bloomberg

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