

The Japan Rubber Futures Weekly Report:

18 Sep – 22 Sep 2023

Japan: National CPI +3.2% in Aug, Core CPI +3.1% in Aug, Jibun Bank Manufacturing PMI lower at 48.6 in Sept

Rubber Futures Report:

Global rubber futures concluded the week with declines across all major rubber exchanges. These price drops were attributed to long liquidation and profit-taking activities, which followed recent price surges driven by technical indicators signalling overbought conditions, notably the RSI oscillator. Trading volumes also decreased across all exchanges as funds closed out long positions. OSE rubber fell 0.6% during the holiday-shortened trading period. SHFE and INE rubber dipped by 2.1% and 1.2%, respectively, led by long liquidation. SICOM rubber decreased by 1.2% in moderately active trading. The majority of commodities faced downward pressure due to the strength of the USD, with the 10-year Bond yield nearing 4.5%. Market expectations suggest that the US Fed may implement one more rate hike before the end of the year, as the Fed Funds rate currently stands at 5.25-5.50%. Additionally, there is optimism regarding the potential recovery of the Chinese economy following recent government stimulus measures and interest rate cuts. There is a positive development as the US and China plan to establish two working groups to address and stabilize their delicate relationship in terms of economic and financial policies. However, in the US, strikes led by the United Auto Workers (UAW) at three major automakers are causing harm to the auto industry and could have a negative effect on rubber prices. Global equities experienced a decline due to rising US bond yields, although stocks in China and Indonesia saw gains driven by bargain hunting and fund manager purchases.

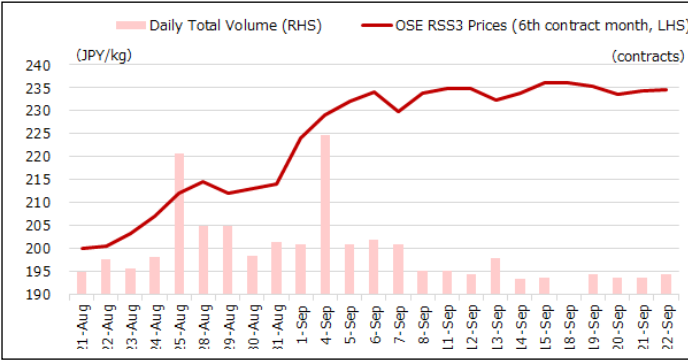
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Sep 23	237.7	+4.7	SCR/RSS Jan 24	14,120	-305	Oct 23	141.2	-2.6	Jan 24	231.3	-2.9
Oct 23	228.0	-1.2	SCR/RSS May 24	14,055	-255	Nov 23	143.0	-2.0	Feb 24	234.6	-2.9
Nov 23	227.6	-2.8	Total Vol.	2,104,581	-468,894	Dec 23	143.6	-1.8	SHFE BR	Last (CNY)	Net
Dec 23	227.8	-3.6	Total OI	285,901	-15,089	Jan 24	144.0	-1.6	Jan 24	13,400	-450
Jan 24	231.1	-1.8	INE TSR Nov 23	10,770	-130	Feb 24	144.1	-1.7	Feb 24	13,230	-385
Feb 24	234.6	-1.4	INE TSR Dec 23	10,735	-105	Mar 24	144.4	-1.6	Mar 24	13,110	-385
Total Vol.	6,580	-3,138	Total Vol.	407,574	-315,449	Total Vol.	47,376	-21,693	Total Vol.	528,683	-597,716
Total OI	10,761	+450	Total OI	138,515	-2,304	Total OI	68,663	-102	Total OI	174,725	-18,127

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Sep)	8,132	-1,081
Shanghai SHFE Rubber Stocks (ton, 22 Sep)	236,252	+2,058
Shanghai INE Rubber Stocks (ton, 22 Sep)	71,164	+2,821
China Vehicle Total Sales (unit, 31 Aug 23)	2,582,401	+195,469
China Passenger Car Sales (unit, 31 Aug 23)	2,272,782	+172,934
China Commercial Car Sales (unit, 31 Aug 23)	309,618	+22,535
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 (Aug)	48.6	-1.1
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	148.37	+0.52
EUR/USD	1.0653	-0.0004
GBP/USD	1.2241	-0.0142
USD/CHF	0.9066	+0.0097
AUD/USD	0.6441	+0.0009
USD/CNY	7.2990	+0.0230
USD/INR	82.9388	-0.2425
USD/SGD	1.3652	+0.0016
USD/MYR	4.6892	+0.0062
USD/THB	35.985	+0.267
USD/IDR	15,375	+19.5
USD/VND	24,334	+86.5

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,402.41	-1,130.68
TOPIX Japan	2,376.27	-52.11
Dow Jones US	33,963.84	-654.40
S&P 500 US	4,320.06	-130.26
Nasdaq US	13,211.82	-496.52
CSI 300 China	3,738.93	+30.15
Shanghai China	3,132.43	+14.69
HSI Hong Kong	18,057.45	-125.44
STI Singapore	3,204.82	-75.87
KLCI Malaysia	1,450.23	-8.80
SET Thailand	1,522.59	-19.44
IDX Indonesia	7,016.84	+34.05
VSE Vietnam	1,193.05	-34.31

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	32,270	-1,010
JPX TOPIX Dec 23	2,358.5	-47
JPX NK 400 Dec 23	21,200	-450
JPX TSE REIT Dec 23	1,852	-14
JPX NK 225 VI Oct 23	19.35	+0.10
JPX JGB 10 Year Dec 23	145.31	-0.41
JPX Gold 1 Kg Aug 24	9,167	+82
JPX Platinum Aug 24	4,388	+88
JPX Silver Aug 24	112.0	+2.3
JPX Palladium Aug 24	5,950	0
JPX TSR20 Dec 23	212.0	0
JPX Corn Sept 24	39,200	-110
JPX Dubai Crude Feb 24	80,620	-1,010

Source: JPX

Technical Analysis on the OSE Feb-2024 Contract:

OSE's active Feb-2024 closed slightly lower at 234.6 in quiet, holiday-shortened trading. Trading volume fell by 3,138 lots from the previous week, with a marginal change in open interest, suggesting some profit-taking after a recent price rally. The 14-day RSI, which was previously in overbought territory, has moderated to 72%. The support levels will be 233.0 and 230.5, while the resistance levels will be 236.5 and 238.5. Despite this slight dip, the weakening JPY continues to attract buyers on OSE, providing some support. The upcoming week's trading range is likely between 230 and 236.



Source: Bloomberg

Technical Analysis on the SGX SICOM Dec-2023 Contract:

SICOM's active Dec-2023 contract experienced a decline of 1.8 cents, closing at 143.6 in moderately active trading. Weekly trading volume decreased by over 21,000 lots compared to the previous week, with open interest remaining relatively stable. Despite some long liquidation, the overall market sentiment remains steady. The 14-day RSI, which was significantly overbought the previous week, has moderated to 63%. Next week's trading range will likely be at 140.0-146.0, with solid resistance expected at 145.5-146.0 levels. If the price closes above 146.0, it could signal a new high at 150.0 or higher.



Source: Bloomberg

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