

The Japan Rubber Futures Weekly Report:

31 May 2021 – 04 June 2021

Note: Japan Industrial production in April +2.5% m/m (lower). Japan April Retail Sales +12% y/y (exp. +15.3%)

Rubber Futures Report:

Rubber Futures prices closed the week lower in all exchanges led by strong and renewed selling from the Chinese exchanges. Rubber prices fell from the start of the week as both speculators and fund managers sold on both the SHFE and INE markets. It was estimated that speculative funds sold at least 200,000 tonnes all week and though there were some short covering towards the weekend, prices remained depressed. Rubber stocks on both exchanges also rose about 4,000 tonnes. Demand for rubber could be dampened by recent effort from the Chinese government trying to curb rising commodity prices especially in copper and iron ore prices and concern on rising inflation. In other global and economic news, US President Biden had broadened his ban on US entities to invest in 59 Chinese companies with ties with defence and surveillance technology sectors. US May unemployment rate improved to 5.8% from 6.1% but non-farm payroll came in lower at 559,000 new jobs. In China, May Manufacturing PMI was slightly lower at 51.0. G7 meeting in London over the weekend agreed on a minimum global corporate tax rate at 15% for big multinationals.

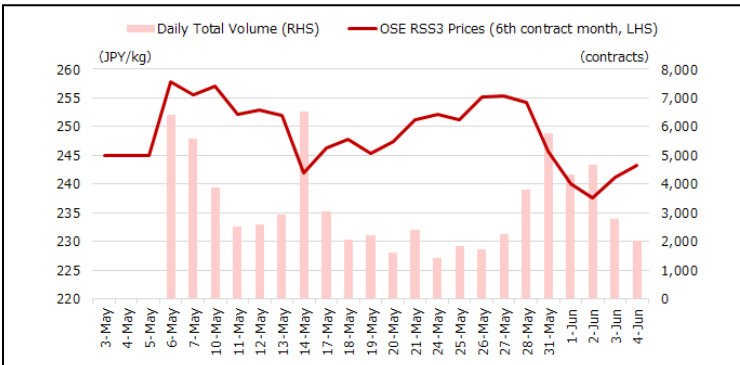
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jun 21	250.0	-6.8	SCR/RSS Sep 21	13,245	-495	Jun 21	169.3	Expired	RSS3 Oct 21	68.30	-4.6
Jul 21	250.3	-6.5	SCR/RSS Jan 22	14,360	-545	Jul 21	166.8	-3.4	RSS3 Nov 21	68.30	-5.4
Aug 21	249.0	-7.1	Total Vol.	2,517,313	-471,512	Aug 21	167.8	-3.1	JRF Oct 21	243.1	-11.5
Sep 21	246.0	-8.0	Total OI	323,964	+19,640	Sep 21	168.8	-3.0	JRF Nov 21	243.0	-11.7
Oct 21	243.0	-11.1	INE TSR Jul 21	10,635	-505	Oct 21	169.5	-3.0	ICEX	Last (INR)	Net
Nov 21	243.2	-11.1	INE TSR Aug 21	10,785	-500	Nov 21	170.6	-2.4	RSS4 Jun 21	17,337	-111
Total Vol.	19,586	+8,514	Total Vol.	135,149	-20,603	Total Vol.	26,429	+3,736	MCX	Last (INR)	Net
Total OI	11,346	-420	Total OI	46,857	+3,650	Total OI	36,467	-1,197	RSS4 Jun 21	17,200	-50

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 May)	9,044	+796
Shanghai SHFE Rubber Stocks (ton, 4 June)	181,264	+1,398
Shanghai INE Rubber Stocks (ton, 4 June)	63,393	+2,620
China Vehicle Total Sales (unit, 30 Apr)	2,251,792	-273,899
China Passenger Car Sales (unit, 30 Apr)	1,704,040	-170,271
China Commercial Car Sales (unit, 30 Apr)	547,752	-103,628
US Unemployment Rate (% May)	5.8%	-0.3
US Non-Farm Payroll (May)	559,000	+293,000
Japan Unemployment Rate (% Apr)	2.8	+0.2
Japan PMI (Apr)	53.3	+0.6
Japan Tankan Large Manufacturing (31/3)	+5	+15
China PMI (Apr)	51.1	-0.8
China GDP 1Q (%)	+18.3	+11.8

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	109.52	-0.33
EUR/USD	1.2167	-0.0025
GBP/USD	1.4157	-0.0031
USD/CHF	0.8994	-0.0005
AUD/USD	0.7739	+0.0027
USD/CNY	6.3952	+0.0267
USD/INR	73.00	+0.5638
USD/SGD	1.3245	+0.0017
USD/MYR	4.1280	-0.0050
USD/THB	31.140	-0.111
USD/IDR	14,295	+10
USD/VND	23,038	-1

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	28,941.52	-207.89
TOPIX Japan	1,959.19	+11.75
Dow Jones US	34,756.39	+226.94
S&P 500 US	4,229.89	+25.78
Nasdaq US	13,814.49	+65.75
CSI 300 China	5,282.28	-38.81
Shanghai China	3,591.84	-8.94
HSI Hong Kong	28,908.00	-216.41
STI Singapore	3,151.04	-27.51
KLCI Malaysia	1,578.45	-15.99
SET Thailand	1,611.53	+29.55
IDX Indonesia	6,065.17	+216.55
VSE Vietnam	1,374.05	+53.59

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Jun 21	28,930	-190
JPX TOPIX Jun 21	1,954.0	+6.0
JPX NK 400 Jun 21	17,660	+35
JPX TSE REIT Jun 21	2,105.0	+32.0
JPX NK 225 VI Jun 21	20.25	+1.25
JPX JGB 10 Year Jun 21	151.43	0.00
JPX Gold 1 Kg Apr 22	6,632	-49
JPX Mini Gold 100g Apr 22	6,632	-49
JPX Gold Rolling Spot	6,608	-62
JPX Silver Apr 22	97.0	-0.8
JPX Platinum Apr 22	4,093	-67
JPX Palladium Apr 22	9,960	+30
JPX Corn May 22	35,210	+1,370

Source: JPX

Rubber Trading – Technical Analysis (OSE Nov Rubber futures):

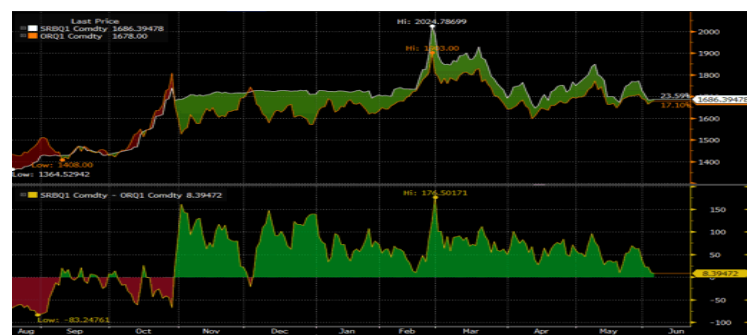
The OSE Nov futures fell through its first support at 247.4 and traded below both the 50 & 100 Day Moving Averages and broke its second support at 241.0 level and touched a low of 232.2 on Wed. Nov futures managed to close above the 241.0 on Friday which still allow some hope for recovery. The chart seems weaker as compared to the week before but still confine to a wider band of 222.0-293.0. Trading range is likely to confine to 230-253.0 for the week with RSI at 46%.



Source: Bloomberg

Rubber Trading – Inter-Market Arbitrage (INE vs SICOM Aug Rubber):

SICOM Aug futures closed at \$1678 per tonne while INE Aug closed at RMB 10,785 (conversion at rate 6.3952) is about 1686 per tonne. The differential is about USD 8.4 (1686-1678) INE premium over SICOM Aug futures. The cost of delivery, financing and warehousing from Singapore to China designated warehouses is about \$50-60 per tonne. Therefore, the arbitrageur can Buy Aug INE and Sell Aug SICOM in anticipation for the spread to widen from 8.4 and he places a sell stop order at -10.0



Source: Bloomberg

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