



The Japan Rubber Futures Weekly Report:

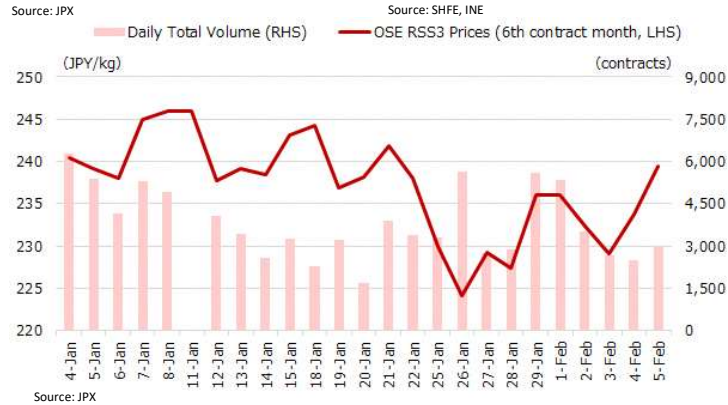
01 Feb. 2021 – 05 Feb. 2021

Note: Japan OSE market is closed on Thurs 11 Feb. China market is closed 11-17 Feb & SGX is closed 11-12 Feb.

Rubber Futures Report:

Rubber Futures prices the closed week about 1%-2% higher in all Exchanges. Trading was moderately active in tight trading range as some traders unwind positions ahead of the coming Lunar New Year holidays. Activities seemed to have increased on the TSR20 futures on the Shanghai INE exchange while the SHFE RSS3 futures saw a gradual drop on Open Interest in the past couple of weeks. Market sentiment remains positive as prices are holding well with hopes of a global economic recovery, vaccines rollout and optimism of a proposed US \$1.9T Stimulus package. On Global news, Myanmar military ousted the democratic government and arrested Aung San Suu Kyi and its President and declared a state of emergency for 1 year. On Economic news, China reported Jan PMI lower at 51.3 from Dec 51.9 while Japan Dec Leading Index was lower at 94.9 while the Dec Coincident Index was within market expectation at 87.8 US Unemployment in Jan was a sterling 6.3% (exp. 6.7%) but Non-farm payroll came in lower at +49,000. The UK applied to join the TPP to deepen trade links was another positive news. Global stocks markets surge on US stimulus hope.

OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Feb 21	245.0	+1.6	SCR/RSS May 21	14,680	+295	Mar 21	160.6	+2.8	RSS3 Jun 21	68.05	+1.6
Mar 21	246.4	+1.2	SCR/RSS Sep 21	14,735	+280	Apr 21	162.1	+2.5	RSS3 Jul 21	68.00	+1.5
Apr 21	244.6	-0.3	Total Vol.	2,521,388	-8,968	May 21	163.4	+2.7	JRF Jun 21	240.2	+4.5
May 21	242.5	+4.3	Total OI	270,040	-3,859	Jun 21	164.7	+3.2	JRF Jul 21	239.9	+4.9
Jun 21	240.0	+3.5	INE TSR Mar21	10,875	+160	Jul 21	165.3	+2.9	ICEX	Last (INR)	Net
Jul 21	239.5	+3.5	INE TSR Apr21	10,990	+170	Aug 21	166.4	+3.1	RSS4 Feb 21	15,463	+133
Total Vol.	17,050	-3,113	Total Vol.	176,875	+31,754	Total Vol.	28,290	+2,745	MCX	Last (INR)	Net
Total OI	12,521	-1,338	Total OI	55,640	+5,752	Total OI	49,855	-33	RSS4 Feb 21	15,550	+230



Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Jan)	5,126	-577
Shanghai SHFE Rubber Stocks (ton, 05 Feb)	174,746	+140
Shanghai INE Rubber Stocks (ton, 05 Feb)	60,319	+3,751
China Vehicle Total Sales (unit, 31 Dec)	2,831,245	+61,579
China Passenger Car Sales (unit, 31 Dec)	2,375,101	+77,700
China Commercial Car Sales (unit, 31 Dec)	456,144	-16,121
US Unemployment Rate (% Jan)	6.3	-0.4
US Non-Farm Payroll (Jan)	+49,000	+189,000
Japan Unemployment Rate (% Dec)	2.9	0
Japan PMI (Dec)	49.7	+0.7
Japan Tankan Large Manufacturing (31/12)	-10	+17
China PMI (Jan)	51.3	-0.6
China GDP 4Q (%)	+6.5	+1.6

FOREX	Last	Net
USD/JPY	105.39	+0.71
EUR/USD	1.2046	-0.0090
GBP/USD	1.3735	+0.0027
USD/CHF	0.8990	+0.0087
AUD/USD	0.7678	+0.0034
USD/CNY	6.4658	+0.0375
USD/INR	72.9288	-0.025
USD/SGD	1.3346	+0.0056
USD/MYR	4.0697	+0.0297
USD/THB	30.032	+0.117
USD/IDR	14,030	0
USD/VND	22,999	-50

Stock Index	Last	Net
NK225 Japan	28,779.19	+1,115.80
TOPIX Japan	1,890.95	+82.17
Dow Jones US	31,148.24	+1,165.62
S&P 500 US	3,886.83	+172.59
Nasdaq US	13,856.30	+785.60
CSI 300 China	5,483.41	+131.45
Shanghai China	3,496.33	+13.26
HSI Hong Kong	29,288.68	+1,004.97
STI Singapore	2,907.11	+4.59
KLCI Malaysia	1,578.63	+12.23
SET Thailand	1,496.61	+29.63
IDX Indonesia	6,151.73	+289.38
VSE Vietnam	1,126.91	+70.30

JPX Derivatives	Last	Net
JPX NK225 Mar 21	28,790	+1,220
JPX TOPIX Mar 21	1,893.5	+89.50
JPX NK 400 Mar 21	17,100	+730
JPX TSE REIT Mar 21	1,840.0	+5.5
JPX NK 225 VI Mar 21	24.45	-4.15
JPX JGB 10 Year Mar 21	151.64	-0.18
JPX Gold 1 Kg Dec 21	6,108	-100
JPX Mini Gold 100g Dec 21	6,108	-100
JPX Gold Rolling Spot	6,097	-107
JPX Silver Dec 21	90.0	+1.90
JPX Platinum Dec 21	3,699	+101
JPX Palladium Dec 21	7,602	-98
JPX Corn Jan 22	27,840	+690

Rubber Trading – Calendar Spread Analysis:

The OSE RSS market is currently in backwardation market for some time now and the Spreader noticed that SHFE RSS is now in a slight contango while SGX SICOM RSS3 has a flat forward curve in the first 6 months. The Spreader forecast that the OSE forward curve could turn flat and ultimately into contango market. He sells the OSE Apr futures and buys the July contract at 6.3 (246.2-239.9) and bet on the forward curve to steepen & turn positive and the Apr/July spread to be nearer to zero or negative. At the same time place a stop order at +17 to limit his losses.



Rubber Trading – Arbitrage Analysis:

We analyze the arbitrage position taken by selling OSE June and buying SICOM June again saw the differential narrowing. This was also helped by a slightly weaker Yen at 105.39. Converting OSE June 240.0 to USD is 2.277 while SICOM June settled at 164.7. The arbitrageur saw the differential again coming down to 0.63 (2.277-1.647) from last week 0.644. The arbitrageur maintains his positions by selling OSE and buying SICOM and keep his stops at 0.87 in case there is a short squeeze on the RSS3 especially in the front month. The arbitrageur looks to exit at 55.



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