

The Japan Rubber Futures Weekly Report:

07 June 2021 – 11 June 2021

Note: Japan 1Q GDP -1.0% on quarter, -3.9% annualized, May PPI higher +0.7% & April Leading Index 103.0

Rubber Futures Report:

Rubber Futures prices closed the week lower as weakness from the SHFE and INE persist with strong speculative and commodity funds selling continued to push rubber prices lower. It was estimated that speculators and funds sold about 250,000 tonnes all week, but heavy short covering and liquidation closed more than half of the selling positions by Friday. Both OSE and SICOM markets fell in tandem with Shanghai weakness but volume was lower than normal. Talk of China tightening credit and possible hike in interest rate to curb inflation may have a negative impact on the market. China reported PPI higher in May at +9.0% and CPI lower at +1.3% as China struggled with containing inflation on high raw material prices especially in iron ore, steel and copper. On Global news, President Biden had revoked previously ban (by Trump) on China Apps TikTok and Wechat. President Biden is on 8-Day trip to Europe from Friday. US inflation data CPI was higher in May +0.6% on month and core CPI was also higher at +3.8% on year. China markets will be closed for a public holiday on Mon for the Dragon Boat festival. Fed FOMC meets on Tues and Wed this week.

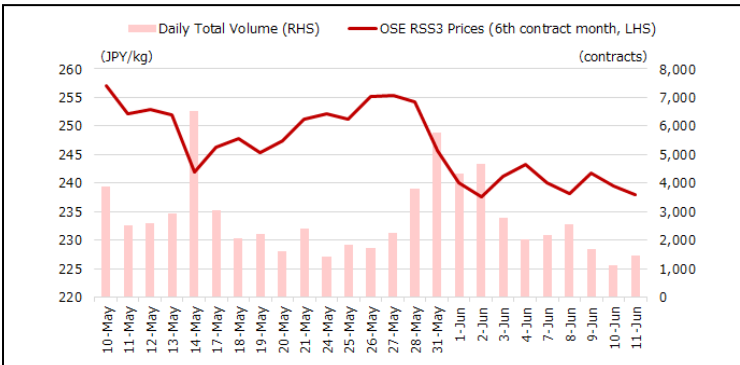
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jun 21	245.5	-4.5	SCR/RSS Sep 21	12,775	-470	Jul 21	163.5	-3.3	RSS3 Oct 21	66.60	-1.70
Jul 21	245.6	-4.7	SCR/RSS Jan 22	13,935	-425	Aug 21	163.3	-4.5	RSS3 Nov 21	66.60	-1.70
Aug 21	246.4	-2.6	Total Vol.	2,518,559	+1,246	Sep 21	164.0	-4.8	JRF Oct 21	236.3	-6.8
Sep 21	239.7	-6.3	Total OI	330,685	+6,721	Oct 21	165.1	-4.4	JRF Nov 21	237.0	-6.0
Oct 21	238.0	-5.0	INE TSR Aug 21	10,445	-340	Nov 21	166.1	-4.5	ICEX	Last (INR)	Net
Nov 21	238.0	-5.2	INE TSR Sep 21	10,605	-325	Dec 21	167.1	-4.1	RSS4 Jul 21	17,282	+97
Total Vol.	8,980	-10,606	Total Vol.	132,502	-2,647	Total Vol.	25,314	-1,115	MCX	Last (INR)	Net
Total OI	11,520	+174	Total OI	48,310	+1,453	Total OI	36,034	-433	RSS4 Jun 21	17,170	-30

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 May)	8,800	-244
Shanghai SHFE Rubber Stocks (ton, 11 June)	181,575	+311
Shanghai INE Rubber Stocks (ton, 11 June)	66,890	+3,497
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 (May)	53.0	+0.5
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	109.66	+0.14
EUR/USD	1.2109	-0.0058
GBP/USD	1.4107	-0.0050
USD/CHF	0.8983	-0.0011
AUD/USD	0.7708	-0.0031
USD/CNY	6.3987	+0.0035
USD/INR	73.0762	+0.0762
USD/SGD	1.3260	+0.0015
USD/MYR	4.1085	-0.0195
USD/THB	31.087	-0.053
USD/IDR	14,189	-106
USD/VND	22,944	-94

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	28,948.73	+7.21
TOPIX Japan	1,954.02	-5.17
Dow Jones US	34,479.60	-276.79
S&P 500 US	4,247.44	+17.55
Nasdaq US	13,998.30	+183.81
CSI 300 China	5,224.70	-57.58
Shanghai China	3,589.75	-2.09
HSI Hong Kong	28,842.13	-65.87
STI Singapore	3,157.97	+6.93
KLCI Malaysia	1,575.16	-3.29
SET Thailand	1,636.56	+25.03
IDX Indonesia	6,095.50	+30.33
VSE Vietnam	1,351.74	-22.31

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 21	28,880	-10
JPX TOPIX Sep 21	1,948.5	-4.5
JPX NK 400 Sep 21	17,590	-80
JPX TSE REIT Sep 21	2,126.0	+44.5
JPX NK 225 VI July 21	19.40	-1.85
JPX JGB 10 Year Sep 21	151.89	+0.66
JPX Gold 1 Kg Apr 22	6,689	+57
JPX Mini Gold 100g Apr 22	6,689	+57
JPX Gold Rolling Spot	6,675	+67
JPX Silver Apr 22	98.8	+1.8
JPX Platinum Apr 22	4,074	-19
JPX Palladium Apr 22	9,970	+10
JPX Corn May 22	36,500	+1,290

Source: JPX

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

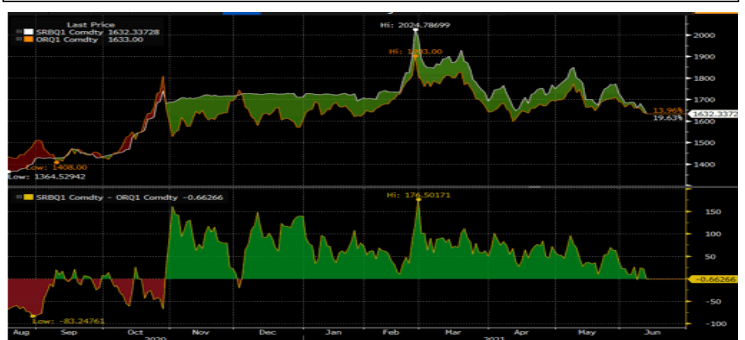
OSE Nov futures traded in tight range of 245.7 and 234.7 and settled on the low side at 238.0. The resistances at 261/262 are strong and a close above 262 will signal a bullish market. Support remains at 232.0 and it is also the 200-day MA. A break below 232.0 may see next level at 225.9 next low. A close below 230.0 signal a bear market. RSI (14 days) is at 40.9%. Trading is likely to remain 232.0-246.0 next week and waiting for a new break to determine a clear direction in the future.



Source: Bloomberg

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

The closing price of INE Aug futures is 10,445 when converted to USD at 6.3987 is USD 1632.4 per tonne. The SICOM Aug futures settled at 1633 per tonne. The spread differential between the 2 Aug futures is now at -0.6 (1632.4-1633). It was trading at +8.4 last week and the arbitrageur is hoping to see it widen but instead it narrows. The normal differential should be +50/+60 based to cost of delivery, financing and warehouse cost. The arbitrageur holds on his position and keep its stops at -10.0



Source: Bloomberg

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