

The Japan Rubber Futures Weekly Report:

08 Feb. 2021 – 12 Feb. 2021

Note: 15 Feb US Presidents' Day holiday and 11-17 Feb China Market closed for Lunar New Year holidays

Rubber Futures Report:

Rubber Futures prices closed the week mostly mixed in quiet trading. Trading was shortened in the week ahead of the Chinese Lunar New Year holidays. Rubber prices on OSE, SHFE and INE were slightly weaker on long liquidation & position squaring while SICOM prices were up marginally. The physical market remained tight and some physical rubber for March delivery was asking 3-4 cents premium above SICOM prices. Indonesian tyre maker Gajah Tunggal (GT) plans to raise USD 270m of funds through a bond sale to finance its notes expiring on Aug 2022. On Global news, massive protest seen in Myanmar where the Military declared martial law and imposed curfew in some major cities. Bitcoin surged to new record highs of USD 48,000 after Tesla bought USD 1.5B worth of coins and said it can be used as payment for its car. Global stocks surge again to record highs on Technology stocks rally and hopeful of a US Stimulus package soon. On monthly inflation numbers, China reported a lower Jan CPI -0.3% while Japan Jan PPI was within expectation at +0.4%, US Jan CPI was in-line with expectation at +0.3% although Core CPI was lower at 0.0%.

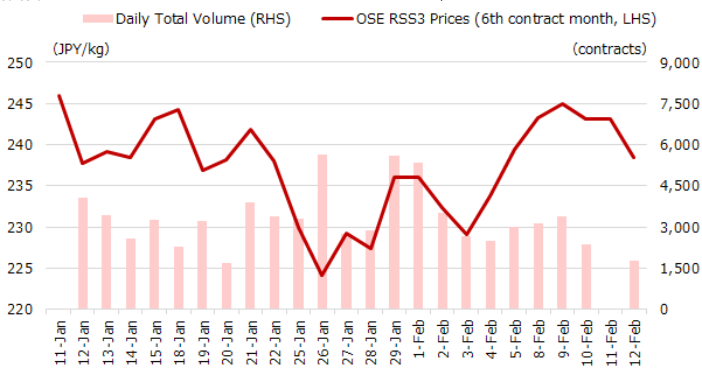
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Feb 21	246.6	+1.6	SCR/RSS May 21	14,670	-10	Mar 21	161.7	+1.1	RSS3 Jun 21	68.50	0.00
Mar 21	241.1	-5.3	SCR/RSS Sep 21	14,760	+25	Apr 21	163.2	+1.1	RSS3 Jul 21	68.50	0.00
Apr 21	240.4	-4.2	Total Vol.	1,428,112	-1,093,276	May 21	164.9	+1.5	JRF Jun 21	242.1	+1.9
May 21	239.1	-3.4	Total OI	254,338	-15,702	Jun 21	165.9	+1.2	JRF Jul 21	242.7	+2.8
Jun 21	238.5	-1.5	INE TSR Apr21	10,795	-195	Jul 21	167.0	+1.7	ICEX	Last (INR)	Net
Jul 21	238.5	-1.0	INE TSR May21	10,900	-90	Aug 21	167.8	+1.4	RSS4 Mar 21	15,730	New
Total Vol.	10,673	-6,377	Total Vol.	102,374	-74,501	Total Vol.	19,164	-9,126	MCX	Last (INR)	Net
Total OI	12,291	-230	Total OI	52,792	-2,848	Total OI	50,218	+363	RSS4 Feb 21	15,280	-270

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 Jan)	5,271	+145
Shanghai SHFE Rubber Stocks (ton, 12 Feb)	174,746	0
Shanghai INE Rubber Stocks (ton, 12 Feb)	62,172	+1,853
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

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	104.94	-0.45
EUR/USD	1.2120	+0.0074
GBP/USD	1.3849	+0.0114
USD/CHF	0.8919	-0.0071
AUD/USD	0.7761	+0.0083
USD/CNY	6.4582	-0.0076
USD/INR	72.755	-0.1738
USD/SGD	1.3251	-0.0095
USD/MYR	4.0413	-0.0284
USD/THB	29.885	-0.147
USD/IDR	13,973	-57
USD/VND	22,996	-3

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	29,520.07	+740.88
TOPIX Japan	1,933.88	+42.93
Dow Jones US	31,458.40	+310.16
S&P 500 US	3,934.83	+48.0
Nasdaq US	14,095.47	+239.17
CSI 300 China	5,807.72	+324.31
Shanghai China	3,655.09	+158.76
HSI Hong Kong	30,173.57	+884.89
STI Singapore	2,925.48	+18.37
KLCI Malaysia	1,599.42	+20.79
SET Thailand	1,508.35	+11.74
IDX Indonesia	6,222.52	+70.79
VSE Vietnam	1,114.93	-11.98

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 21	29,330	+540
JPX TOPIX Mar 21	1,928.0	+34.5
JPX NK 400 Mar 21	17,425	+325
JPX TSE REIT Mar 21	1,914.0	+74.0
JPX NK 225 VI Mar 21	24.70	+0.25
JPX JGB 10 Year Mar 21	151.66	+0.02
JPX Gold 1 Kg Dec 21	6,153	+45
JPX Mini Gold 100g Dec 21	6,153	+45
JPX Gold Rolling Spot	6,153	+56
JPX Silver Dec 21	91.7	+1.7
JPX Platinum Dec 21	4,096	+397
JPX Palladium Dec 21	7,690	+88
JPX Corn Jan 22	29,390	+1,550

Source: JPX

Rubber Trading – Calendar Spread Analysis:

The spreader who sold the calendar spread on the OSE April/July at 6.3 last week saw the spread narrowing to 1.9 (240.4-238.5) was a good trade and the spreader is reaping some good gains already. He maintains his short spread position (Sold April, Bought July) with a target of a flat forward curve to zero and possibly to a contango market (negative). The spreader lowers his stop loss to +11 from +17 and he takes profit by buying back the Apr/July spread between Par (zero) to -2.0 level.



Source: Bloomberg

Rubber Trading – Arbitrage Analysis:

The arbitrageur expects the OSE RSS3 June futures (238.5) to come down more nearer to the SICOM June TSR20 (165.9) price. Hence the arbitrageur sold the OSE June and Bought the SICOM TSR20 June. Due to the differences in currency, a conversion of JPY 238.5 to USD at 104.94 is 2.273. On Friday's closing we saw the differential at 0.61 (2.272-1.659) and it narrowed from last week from 0.63. The arbitrageur is encouraged and he continued to maintain his Stop loss at 0.87 and will look to exit the trade at a target of around 0.55



Source: Bloomberg

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