

The Japan Rubber Futures Weekly Report:

25 Jan. 2021 – 29 Jan. 2021

IMF raised forecast of Global Economic Growth to 5.5% from 5.2% in 2021 & project 4.2% Growth in 2022

Rubber Futures Report:

Rubber Futures prices closed the week softer in tight range bound trading. There was lack of fresh news and some long liquidation and selling set in as some traders were disappointed that the upside momentum seems to have faded temporary. Trading was generally quiet in most exchanges in small range with trading volume dipping on the SHFE and SGX markets. In the later week, a un-confirmed Chinese report from Sina Finance mentioned that the Thai government is planning to support farmers by buying 200,000 tonnes of latex through its Thai Administration Bureau gave rubber prices a slight lift. On world news, the IMF raised global growth forecast to 5.5% from 5.2% in 2021 and a further forecast of 4.2% growth in 2022 at the World Economic Forum virtual meeting. The US reported 4Q GDP +4.0% was within market expectation but full year growth was -3.5% in 2020. Global equity markets fell sharply on fear of the new variant virus spreading quickly and poor earnings from some major corporations like Boeing. Japan Dec Unemployment rate was unchanged at 2.9% from Nov but Dec Industrial Production was still weaker at -1.6%.

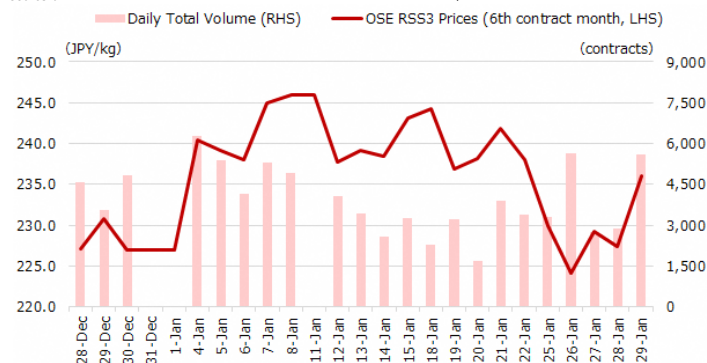
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Feb 21	243.4	-26.6	SCR/RSS May 21	14,385	-160	Feb 21	159.5	Expired	RSS3 Jun 21	66.45	-2.30
Mar 21	245.2	-3.6	SCR/RSS Sep 21	14,455	-165	Mar 21	157.8	-1.7	RSS3 Jul 21	66.50	-2.35
Apr 21	244.9	-2.3	Total Vol.	2,530,356	-559,190	Apr 21	159.6	-1.5	JRF Jun 21	235.7	-2.3
May 21	238.2	-1.6	Total OI	273,899	-15,834	May 21	160.7	-1.7	JRF Jul 21	235.0	-
Jun 21	236.5	-1.5	INE TSR Mar21	10,615	-95	Jun 21	161.5	-2.1	ICEX	Last (INR)	Net
Jul 21	236.0	-	INE TSR Apr21	10,715	-115	Jul 21	162.4	-2.1	RSS4 Feb 21	15,330	+30
Total Vol.	20,163	+5,714	Total Vol.	145,121	+15,692	Total Vol.	25,545	-11,888	MCX	Last (INR)	Net
Total OI	13,859	+235	Total OI	49,457	+429	Total OI	49,888	-2,253	RSS4 Feb 21	15,320	-5

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 Jan)	5,126	-577
Shanghai SHFE Rubber Stocks (ton, 29 Jan)	174,606	-58
Shanghai INE Rubber Stocks (ton, 29 Jan)	56,568	+2,650
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 (% Dec)	6.8	-0.1
US Non-Farm Payroll (Dec)	-140,000	-385,000
Japan Unemployment Rate (% Dec)	2.9	0
Japan PMI (Dec)	49.7	+0.7
Japan Tankan Large Manufacturing (31/12)	-10	+17
China PMI (Dec)	51.9	-0.2
China GDP 4Q (%)	+6.5	+1.6

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	104.68	+0.90
EUR/USD	1.2136	-0.0035
GBP/USD	1.3708	+0.0022
USD/CHF	0.8903	+0.0047
AUD/USD	0.7644	-0.0071
USD/CNY	6.4283	-0.0536
USD/INR	72.9538	+0.1575
USD/SGD	1.3290	+0.0004
USD/MYR	4.0400	-0.0033
USD/THB	29.915	-0.074
USD/IDR	14,030	-5
USD/VND	23,049	-25

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	27,663.39	-968.06
TOPIX Japan	1,808.78	-47.86
Dow Jones US	29,982.62	-1,014.36
S&P 500 US	3,714.24	-127.23
Nasdaq US	13,070.70	-472.36
CSI 300 China	5,351.96	-217.82
Shanghai China	3,483.07	-123.68
HSI Hong Kong	28,283.71	-1,164.14
STI Singapore	2,902.52	-89.01
KLCI Malaysia	1,566.40	-30.34
SET Thailand	1,466.98	-30.90
IDX Indonesia	5,862.35	-444.78
VSE Vietnam	1,056.61	-110.17

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 21	27,570	-1,060
JPX TOPIX Mar 21	1,804.0	-51.5
JPX NK 400 Mar 21	16,370	-505
JPX TSE REIT Mar 21	1,834.5	+48.5
JPX NK 225 VI Mar 21	28.60	+3.50
JPX JGB 10 Year Mar 21	151.82	-0.04
JPX Gold 1 Kg Dec 21	6,208	+2
JPX Mini Gold 100g Dec 21	6,208	+2
JPX Gold Rolling Spot	6,204	+4
JPX Silver Dec 21	88.1	+2.5
JPX Platinum Dec 21	3,598	-72
JPX Palladium Dec 21	7,700	-248
JPX Corn Jan 22	27,150	+200

Source: JPX

Rubber Trading – Calendar Spread Analysis:

OSE Jan futures expires 335.0 while Feb futures had a very sharp sell-off mainly due to long liquidation to close at 243.4. The OSE calendar Feb/June spread closed at -6.9 (236.5-243.4) which was up sharply from -27 the week before. The spreader who sold the Feb/June spread make some strong gains and he exits the market as Feb has become the first month since Jan has expired. The spreader does not wish to hold any spread position on the first month as the risks of been squeezed is very high if he does not hold any physical rubber to deliver.

Rubber Trading – Arbitrage Analysis:

The arbitrageur who sold OSE June futures and bought SICOM June TSR20 futures is looking the prices differential to narrow to profit from an arbitrage. OSE June 236.5 (JPY 104.68) is 2.259 while SICOM June 1.615 making the differential at 0.644. Meaning OSE June is 0.644 higher than SICOM June. This is again lower than last week 0.68 and the arbitrageur is hoping to take profit at 0.50-0.55 although the mean last year was 0.26-0.30 levels. The arbitrageur also keeps his stops at 0.87 which was the record high to control and limit his losses.



Source: Bloomberg



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