

The Japan Rubber Futures Weekly Report:

05 - 09 Feb 2024

Japan: Household Spending lower at -2.5% y/y in Dec, FX Reserves at USD 1,291B in Jan, Current Account Balance USD 744.3B in Dec

Rubber Futures Report:

Global rubber futures closed the week with slight declines across major exchanges. Prices largely stayed within a narrow range as traders readied for the CNY holidays. OSE futures dropped 1.7%, driven by new speculative selling amid moderate trading volume. SHFE and INE futures saw slight fluctuations amidst a sharp decline in trading volume, with open interest declining significantly due to position liquidation. SICOM futures posted marginal decreases within a tight trading range, influenced by light long-liquidation. In rubber-related news, top tire makers, including Goodyear, Michelin, Bridgestone, and Continental, were sued in a US federal court for alleged price-fixing following the European Union's announcement on an investigation into a possible cartel. Malaysia reported a 1.1% decrease in rubber production in December, totalling 30,342 tonnes. China's ZC Rubber group announced plans to construct a massive factory in Saltillo, Mexico, spanning 600,000 square meters, with construction anticipated to conclude within 12 months. In global financial markets, China's regulator, CSRC, implemented a ban on short-selling and securities lending following a steep decline in the stock market, which hit a five-year low, erasing approximately USD 7.5 trillion in market capitalization. China's stocks staged a strong recovery after recent government intervention, with the CSI 300 index surging nearly 6% compared to the previous week. US equities soared to new highs fuelled by robust economic data and a resilient job market. The USD strengthened against major currencies, supported by a firmer 10-year treasury yield reaching 4.177%.

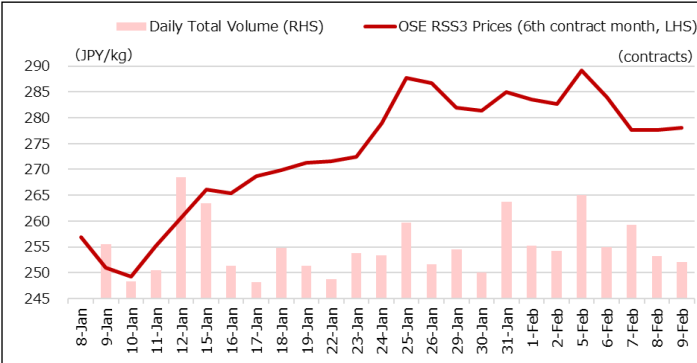
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Feb 24	279.9	-2.6	SCR/RSS May 24	13,220	-40	Mar 24	151.7	+0.5	Jun 24	278.8	-4.8
Mar 24	279.4	-2.6	SCR/RSS Sep 24	13,365	-25	Apr 24	151.8	+0.2	July 24	278.7	-5.4
Apr 24	279.0	-2.3	Total Vol.	788,585	-407,770	May 24	152.9	+0.3	SHFE BR	Last (CNY)	Net
May 24	277.4	-5.9	Total OI	200,828	-28,337	Jun 24	152.4	+0.0	Feb 24	12,595	+250
Jun 24	278.0	-4.1	INE TSR Mar 24	10,880	+25	July 24	152.6	-0.3	Mar 24	12,655	+240
Jul 24	278.0	-4.7	INE TSR Apr 24	10,980	+25	Aug 24	153.1	-0.4	Apr 24	12,635	+190
Total Vol.	11,909	+1,367	Total Vol.	196,452	-113,383	Total Vol.	40,744	-8,675	Total Vol.	90,629	-75,355
Total OI	8,116	+523	Total OI	93,710	-6,753	Total OI	74,988	-461	Total OI	21,550	-2,252

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEI, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Jan)	7,017	+777
Shanghai SHFE Rubber Stocks (ton, 09 Feb)	210,608	+832
Shanghai INE Rubber Stocks (ton, 09 Feb)	120,758	+8,164
China Vehicle Total Sales (unit, 31 Dec 23)	3,156,367	+186,245
China Passenger Car Sales (unit, 31 Dec 23)	2,792,005	+187,635
China Commercial Car Sales (unit, 31 Dec 23)	364,362	-1,390
US Unemployment Rate (% Jan 24)	3.7	+0.0
US Non-Farm Payroll (Jan 24)	353,000	+20,000
Japan Unemployment Rate (% Dec 23)	2.4	-0.1
Japan Manufacturing PMI (Dec)	47.9	+0.2
Japan Tankan Large Manufacturing (4Q 2023)	+12.0	+0.3
China Manufacturing PMI (Dec)	49.0	-0.4
China GDP 4Q 2023 (%)	5.2	+0.3

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	149.29	+0.91
EUR/USD	1.0784	-0.0004
GBP/USD	1.2628	-0.0003
USD/CHF	0.8747	+0.0079
AUD/USD	0.6524	+0.0012
USD/CNY	7.1936	+0.0001
USD/INR	83.0338	+0.1075
USD/SGD	1.3458	+0.0029
USD/MYR	4.765	+0.0048
USD/THB	35.916	+0.364
USD/IDR	15,635	-25
USD/VND	24,427.5	+75.0

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	36,897.42	+739.40
TOPIX Japan	2,557.88	+18.20
Dow Jones US	38,671.69	+17.27
S&P 500 US	5,026.61	+68
Nasdaq US	15,990.66	+361.71
CSI 300 China	3,364.93	+185.30
Shanghai China	2,865.90	+135.75
HSI Hong Kong	15,746.58	+213.02
STI Singapore	3,138.30	-41.47
KLCI Malaysia	1,512.28	-4.3
SET Thailand	1,388.37	+4.29
IDX Indonesia	7,235.15	-3.64
VSE Vietnam	1,198.53	+25.98

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	36,890	+770
JPX TOPIX Mar 24	2,558.0	+121.5
JPX NK 400 Mar 24	23,075	+145
JPX TSE REIT Mar 24	1,744.5	-36.5
JPX NK 225 VI Mar 24	20.50	-0.20
JPX JGB 10 Year Mar 24	146.30	-0.64
JPX Gold 1 Kg Dec 24	9,762	+89
JPX Platinum Dec 24	4,309	-18
JPX Silver Dec 24	106.3	-2.7
JPX Palladium Dec 24	4,400	-200
JPX TSR20 May 24	224.0	+3.0
JPX Corn Jan 25	37,300	-270
JPX Dubai Crude July 24	72,090	+3,190

Source: JPX

Technical Analysis on the OSE July-2024 Contract:

OSE's July-2024 contract experienced a decline of JPY 4.7, closing at 278.0 in moderately active trading. Despite a recent rally, prices failed to sustain momentum, prompting fresh selling when they approached an overbought level. Weekly trading volume increased by 1,367 lots, with open interest adding 523 lots. The 14-day RSI dropped to 56.9% from a near-overbought condition of 69%. Anticipated support levels are 275.0 and 272.0, while resistance levels are 282.5 and 285.0. The market is expected to be quiet next week due to the week-long holiday in China.



Source: Bloomberg

Technical Analysis on the SGX SICOM May-2024 Contract:

SICOM's rubber futures closed with mixed results in quiet trading. The active May-2024 contract marginally increased by 0.3 cents, settling at 152.4. Prices remained within the 150-155 trading range without displaying any clear direction throughout the week ahead of the CNY holidays. There was some observed liquidation, leading to open interest falling by 541 lots from the previous week. The 14-day RSI also remained neutral at 49.7%. Expected support levels are 150.0-150.5, while resistance levels are at 155.5-156.0. SICOM rubber futures will be closed on Monday for the Lunar New Year holiday.



Source: Bloomberg

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