



# The Japan Rubber Futures Weekly Report:

11 Mar – 15 Mar 2024

Japan: 4Q GDP +0.1% q/q, 4Q GDP +0.4% y/y, Feb PPI +0.6% y/y, Q1 Business Sentiment Index (BSI) lower at -6.7%

## Rubber Futures Report:

Global rubber futures rallied across all exchanges this week. Concerns over supply shortages, robust physical demand, and the influence of the El Niño weather pattern fueled the rally. Speculators and commodity funds were actively involved in the market, contributing to the upward momentum in rubber prices over the past few weeks. OSE rubber futures rallied 12.4%, reaching a 7-year high fueled by lower production in Thailand and a shortage of latex, triggering a buying frenzy in OSE RSS3 futures. SHFE rubber closed up by 4.6%, driven by speculative funds increasing their long positions. Open interest in SHFE added 81,000 lots over the past two months. INE rubber rose 3.6% in heavy trading volume due to fresh buying interest. SICOM rubber also climbed by 3.6% due to strong spread and arbitrage buying. However, rubber prices on all exchanges have entered the overbought territory, as indicated by the RSI indicators: OSE at 87.3%, SHFE at 80.8%, INE at 73.5%, and SICOM at 74.3%. In other rubber news, China's Sailun Rubber company is set to invest USD 250 million in constructing a new tire plant in Indonesia. Japan's Honda and Nissan Motors announced plans to collaborate on the development of EVs in a bid to compete with rivals in China and the US. In financial news, the USD strengthened due to a firmer treasury yield, reaching 4.308% following a stronger-than-expected inflation figure. February's CPI rose by 3.2% y/y, while the PPI increased by 1.6% y/y. These figures suggest that the Fed may delay the expected rate cuts. Gold prices surged to a new record high, reaching USD 2,195 per oz, while Bitcoin also reached a new high of USD 73,666 this week.

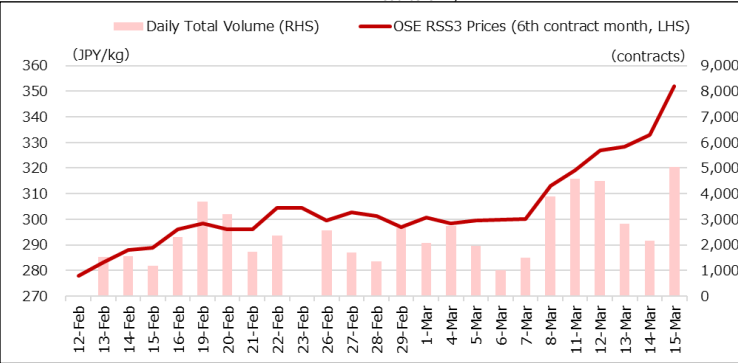
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Mar 24	357.0	+44.0	SCR/RSS May 24	14,625	+640	Apr 24	167.7	+3.8	July 24	360.2	+39.8
Apr 24	362.0	+48.2	SCR/RSS Sep 24	14,825	+725	May 24	169.3	+4.5	Aug 24	357.0	+37.7
May 24	362.0	+47.8	<b>Total Vol.</b>	<b>2,315,235</b>	<b>+1,032,573</b>	Jun 24	170.6	+5.9	<b>SHFE BR</b>	<b>Last (CNY)</b>	<b>Net</b>
Jun 24	360.8	+46.8	<b>Total OI</b>	<b>281,619</b>	<b>+34,120</b>	Jul 24	170.7	+5.9	Apr 24	13,390	+140
Jul 24	354.6	+41.0	INE TSR Apr 24	12,055	+410	Aug 24	171.0	+5.9	May 24	13,425	+170
Aug 24	352.0	+39.0	INE TSR May 24	12,155	+425	Sep 24	171.0	+5.7	Jun 24	13,405	+200
<b>Total Vol.</b>	<b>19,086</b>	<b>+7,962</b>	<b>Total Vol.</b>	<b>578,641</b>	<b>+116,393</b>	<b>Total Vol.</b>	<b>96,618</b>	<b>+31,216</b>	<b>Total Vol.</b>	<b>175,886</b>	<b>+47,639</b>
<b>Total OI</b>	<b>8,733</b>	<b>-635</b>	<b>Total OI</b>	<b>125,069</b>	<b>+2,423</b>	<b>Total OI</b>	<b>79,799</b>	<b>+271</b>	<b>Total OI</b>	<b>31,342</b>	<b>-1,633</b>

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MXX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 29 Feb)	8,253	+558
Shanghai SHFE Rubber Stocks (ton, 15 Mar)	217,411	+2,078
Shanghai INE Rubber Stocks (ton, 15 Mar)	124,993	+6,654
China Vehicle Total Sales (unit, 31 Jan 2024)	2,439,344	-717,023
China Passenger Car Sales (unit, 31 Jan 2024)	2,115,435	-676,570
China Commercial Car Sales (unit, 31 Jan 2024)	323,909	-40,453
US Unemployment Rate (% Feb 24)	3.9	+0.2
US Non-Farm Payroll (Feb 24)	275,000	+46,000
Japan Unemployment Rate (% Jan 24)	2.4	+0.0
Japan Manufacturing PMI (Feb)	47.2	-0.8
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	149.04	+1.98
EUR/USD	1.0889	-0.0050
GBP/USD	1.2736	-0.0122
USD/CHF	0.8838	+0.0067
AUD/USD	0.6560	-0.0064
USD/CNY	7.1970	+0.0097
USD/INR	82.8862	+0.0987
USD/SGD	1.3376	+0.0065
USD/MYR	4.7072	+0.0237
USD/THB	35.90	+0.526
USD/IDR	15,599	+9
USD/VND	24,722	+67

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	38,707.64	-981.30
TOPIX Japan	2,670.80	-56.00
Dow Jones US	38,714.77	-7.92
S&P 500 US	5,117.09	-6.6
Nasdaq US	15,973.18	-111.93
CSI 300 China	3,569.99	+25.08
Shanghai China	3,054.64	+8.62
HSI Hong Kong	16,720.89	+367.50
STI Singapore	3,172.96	+25.87
KLCI Malaysia	1,552.83	+12.97
SET Thailand	1,386.04	-0.38
IDX Indonesia	7,328.06	-53.85
VSE Vietnam	1,263.78	+16.43

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Jun 24	38,390	-1,120
JPX TOPIX Jun 24	2,642.5	-64.0
JPX NK 400 Jun 24	23,880	-590
JPX TSE REIT Jun 24	1,711.5	+42.0
JPX NK 225 VI April 24	20.15	-0.90
JPX JGB 10 Year Jun 24	145.10	-0.55
JPX Gold 1 Kg Feb 25	10,339	+75
JPX Platinum Feb 25	4,416	+60
JPX Silver Feb 25	120.0	+3.0
JPX Palladium Feb 25	5,000	+100
JPX TSR20 June 24	249.0	+12
JPX Corn Mar 25	37,280	+430
JPX Dubai Crude Aug 24	74,200	-70

Source: JPX

### Technical Analysis on the OSE August-2024 Contract:

OSE's August-2024 contract surged by JPY39.0 to reach 352.0 in active trading, making a 7-year high. The substantial increase in trading volume to 19,086 lots was driven by short covering, contributing to the upward momentum, while open interest fell slightly to 8,733 lots. The technical outlook remains bullish, although the market is heavily overbought, with the 14-day RSI reaching 87.3%. There is a possibility of a steep correction in the near term. Anticipated support levels are at 330.0 and 315.0, while resistance is expected at 355.0 and 360.0. There could be potential for a significant correction following the recent sharp rally.



Source: Bloomberg

### Technical Analysis on the SGX SICOM June-2024 Contract:

SICOM's June-2024 contract closed 5.9 cents higher at 170.6, driven by strong overseas buying from China and supply shortages, leading traders to arbitrage and pushing prices to their highest level in nearly three years. Despite a heavy trading volume of 96,618 lots, open interest remained unchanged. Support levels are at 164.5 and 161.0, while resistance levels are at 172.0 and 175.0. The 14-day RSI stands at 74.3%, indicating a severe overbought condition, suggesting that some correction is inevitable. The shortage of physical supply has contributed to keeping futures prices elevated over the past two weeks.



Source: Bloomberg

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