

The Japan Rubber Futures Weekly Report:

15 - 19 Jan 2024

Japan: PPI higher at +0.3% m/m and +0.0% y/y in Dec, Core Machinery Orders weaker at -5.0% in Nov, Foreign Investments USD 1,202.6 B

Rubber Futures Report:

Global rubber futures closed the week with gains across all major exchanges, primarily driven by strong physical demand ahead of the upcoming Chinese New Year (CNY) holidays. All rubber exchanges reported higher trading volume with higher prices, signalling fresh buying interest and positive market sentiment. Following CNY delivery, consumer demand and renewed buying interest from China contributed to the upward trajectory of prices. Physical buying from tire consumers remains strong, willing to pay a 10-15 cent premium over SICOM spot prices, which played a role in maintaining firmer futures prices throughout the week. As the Northern Hemisphere enters the winter season, concerns about potential supply shortages also influenced market sentiment. In rubber news, China's largest tire manufacturer, ZC Rubber, is actively constructing a new tire factory in Indonesia and is currently in the final discussion about building another factory in Mexico. Malaysia announced earnings of RM 27.16 bil (USD 5.75 bil) from rubber exports in 2023; 70% of the earnings were attributed to gloves, and 48% of the exports were directed to the US and EC. Goodyear Tyre has appointed Mark Stewart as its new CEO, succeeding Richard Kramer, who will retire. In financial highlights, robust foreign buying totalling a net JPY 1.2 trillion propelled the Nikkei 225 Index to a 34-year high, reaching 36,239.22. China reported a 4Q GDP that indicated softer growth at 5.2%. In the US, stock markets surged to new record highs, driven by strong buying in AI and technology-related names. Following robust economic data, the USD gained strength as treasury yields closed higher at 4.13%.

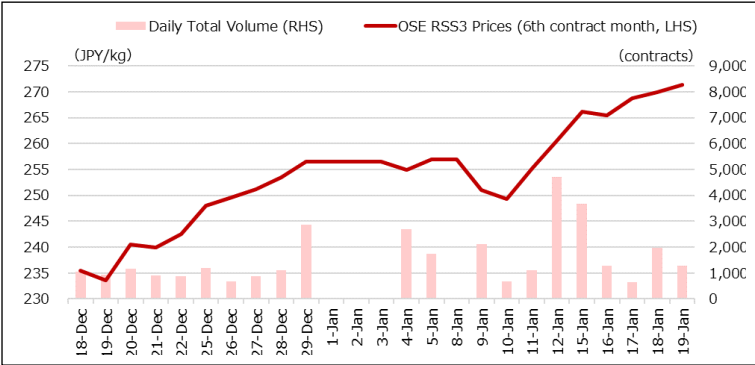
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Jan 24	264.9	+12.0	SCR/RSS May 24	13,795	+55	Feb 24	154.3	+1.3	May 24	270.5	+10.0
Feb 24	264.4	+10.3	SCR/RSS Sep 24	13,910	+40	Mar 24	154.5	+1.3	Jun 24	271.7	+10.2
Mar 24	266.0	+11.9	Total Vol.	1,144,588	+58,629	Apr 24	155.2	+1.9	SHFE BR	Last (CNY)	Net
Apr 24	268.0	+10.8	Total OI	211,740	-897	May 24	155.5	+1.8	Feb 24	12,120	-170
May 24	270.1	+10.9	INE TSR Mar 24	11,295	+225	Jun 24	156.0	+2.2	Mar 24	12,125	-195
Jun 24	271.3	+10.7	INE TSR Apr 24	11,345	+200	July 24	156.4	+2.0	Apr 24	12,150	-200
Total Vol.	8,826	+253	Total Vol.	391,503	+92,542	Total Vol.	68,217	+21,051	Total Vol.	100,823	-39,856
Total OI	6,511	+1,121	Total OI	104,314	+12,370	Total OI	80,490	+513	Total OI	25,995	-3,431

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MEX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Jan)	5,799	-117
Shanghai SHFE Rubber Stocks (ton, 19 Jan)	204,024	+9,647
Shanghai INE Rubber Stocks (ton, 19 Jan)	103,018	-10,181
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 (% Dec 23)	3.7	+0.0
US Non-Farm Payroll (Dec 23)	216,000	+43,000
Japan Unemployment Rate (% Nov 23)	2.5	+0.0
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	148.12	+3.24
EUR/USD	1.0898	-0.0053
GBP/USD	1.2703	-0.0050
USD/CHF	0.8684	+0.0161
AUD/USD	0.6597	-0.0089
USD/CNY	7.1934	+0.0259
USD/INR	83.065	+0.1425
USD/SGD	1.3408	+0.0094
USD/MYR	4.7185	+0.0708
USD/THB	35.559	+0.636
USD/IDR	15,615	+65
USD/VND	24,550	+45

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	35,963.27	+386.16
TOPIX Japan	2,510.03	+15.80
Dow Jones US	37,863.80	+270.82
S&P 500 US	4,839.81	+55.98
Nasdaq US	15,310.97	+338.21
CSI 300 China	3,269.78	-14.39
Shanghai China	2,832.28	-49.70
HSI Hong Kong	15,308.69	-935.89
STI Singapore	3,152.29	-39.43
KLCI Malaysia	1,486.37	-0.97
SET Thailand	1,382.51	-31.02
IDX Indonesia	7,227.40	-13.74
VSE Vietnam	1,181.50	+26.80

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	36,000	+390
JPX TOPIX Mar 24	2,510.0	+13.5
JPX NK 400 Mar 24	22,750	+140
JPX TSE REIT Mar 24	1,795.5	-15.5
JPX NK 225 VI Feb 24	20.50	+0.35
JPX JGB 10 Year Mar 24	146.68	-0.71
JPX Gold 1 Kg Dec 24	9,666	+164
JPX Platinum Dec 24	4,346	+71
JPX Silver Dec 24	109.8	+2.2
JPX Palladium Dec 24	4,500	-200
JPX TSR20 Apr 24	230.0	+7.0
JPX Corn Jan 25	37,050	+90
JPX Dubai Crude June 24	70,050	+1,310

Source: JPX

Technical Analysis on the OSE June-2024 Contract:

OSE's June-2024 contract rose JPY 10.7, closing at 271.3. Trading was moderately active, marked by light and fresh buying. Trading volume slightly increased, and open interest increased by 1,121 lots. Prices closed near the resistance level at 272.0, and there's a likelihood of testing higher levels in the medium term. The 14-day RSI stands at 69.5%, approaching the overbought level of 70%, suggesting a potential for price correction. The technical outlook remains positive, with the next significant resistance at 278.0-279.0, forming a potential Double Top. Anticipated support levels are 258.0 and 254.0.



Source: Bloomberg

Technical Analysis on the SGX SICOM April-2024 Contract:

SICOM's active April-2024 contract exhibited strength, closing 1.9 cents higher at 155.2 in active trading. The weekly trading volume surged to 68,217 lots, an increase of 21,051 from the previous week, while open interest saw little change, adding 513 lots. Market sentiment remains steady, and prices are inclined to trade higher. Light resistance is anticipated at 156.0, followed by more robust resistance at 159.0-160.0 levels. Support levels are expected at 150.5-151.0, where buying interest is likely. The 14-day RSI is now at 63.2%. Expect prices to trade within 152.0-158.0 in the upcoming week.



Source: Bloomberg

Contact us

Kensuke Yazu

Derivatives Business Development
Osaka Exchange, Inc.

Tel: +81 (0) 50 3377 8645

Email: deri-w1@jpx.co.jp

Disclaimer

The copyrights for this document belong to Japan Exchange Group ("JPX"), and part or all of this document shall not be reproduced, republished, uploaded, linked, posted, transmitted, adapted, copied, translated, modified, edited, or otherwise displayed or distributed in any manner without JPX's prior consent.

This document is not an offer or solicitation to buy or sell, nor financial advice or recommendation for any investment product. This document is for the general circulation of the overview of JPX's futures markets only. It does not address any person's specific investment objectives, financial situation, or particular needs. Advice should be sought from a financial adviser regarding the suitability of any investment product before investing or adopting any investment strategies. Use of and/or reliance on this document is entirely at the reader's own risk. Investment products are subject to significant investment risks, including the possible loss of the principal amount invested. The past performance of investment products is not indicative of their future performance. The examples provided are for illustrative purposes only.

A designated person/company has compiled the information contained in this document from sources believed to be reliable. Still, no representation or warranty, express or implied, is made by JPX and the person/company as to its fairness, accuracy, completeness, or correctness. JPX shall not be responsible or liable, whether, under contract, tort including negligence or otherwise, for any loss or damage of any kind, whether direct, indirect, or consequential losses or other economic loss of any kind, including without limitation loss of profit, loss of reputation and loss of opportunity suffered or incurred by any person due to any omission, error, inaccuracy, incompleteness, or otherwise, any reliance on such information, or arising from and/or in connection with this document.