

# The Japan Rubber Futures Weekly Report:

## 21 June 2021 – 25 June 2021

**Note:** Japan June PMI 51.5 (-1.5), Tokyo June CPI year/year flat (0) and Core CPI month/month -0.1%

### Rubber Futures Report:

Rubber Futures prices closed the week higher on mostly short covering and light speculative buying. The market was mostly range bound in the early part of the week and by Thurs and Friday, there were good buying and short covering out of the SHFE and INE markets. Global equities rallied in anticipation for further economic recovery and the fear of Fed Tapering (reducing monthly bond buying) and interest rate hikes subsided. Fed Chairman Jerome Powell testimony to Congress said the Fed will not raise rates on inflation alone but looking at a broad and inclusive recovery gave investors new hopes to buy stocks which the S&P 500 made new record gains. Both OSE and SICOM rubber futures rallied in line with the Chinese exchanges buying and prices closed near their week's high. On other news, US Treasury Secretary Janet Yellen warned of default risks if debt ceiling is not raised. President Biden unveiled an infra-structure deal of nearly USD 600B also brought cheers to the stock markets. US 1Q GDP was an impressive +6.4% was within market expectation. Ex-Minneapolis cop Derek Chauvin was sentenced to 22.5 years in prison for murdering George Floyd.

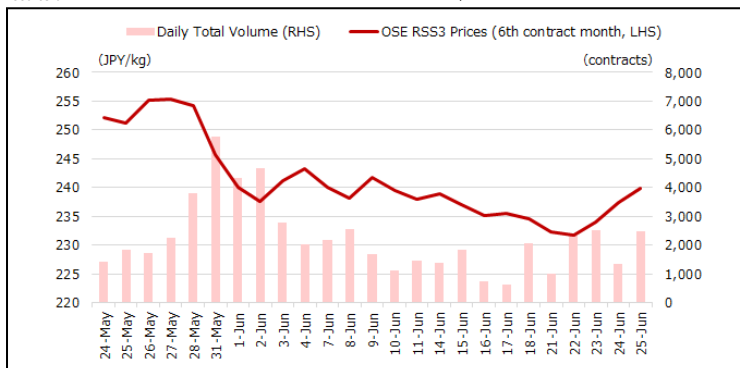
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX	Last (THB)	Net
Jul 21	239.7	-1.9	SCR/RSS Sep 21	13,155	+425	Jul 21	165.9	+5.7	RSS3 Oct 21	66.25	0
Aug 21	241.6	+0.1	SCR/RSS Jan 22	14,325	+425	Aug 21	165.3	+4.5	RSS3 Nov 21	66.30	0
Sep 21	240.0	+4.1	<b>Total Vol.</b>	<b>2,169,467</b>	<b>+364,611</b>	Sep 21	165.8	+4.4	JRF Nov 21	238.0	+4.1
Oct 21	240.6	+4.6	<b>Total OI</b>	<b>310,362</b>	<b>-8,677</b>	Oct 21	166.5	+4.6	JRF Dec 21	238.0	New
Nov 21	240.8	+6.3	INE TSR Aug 21	10,775	+345	Nov 21	167.4	+4.7	<b>ICEX</b>	<b>Last (INR)</b>	<b>Net</b>
Dec 21	239.9	New	INE TSR Sep 21	10,925	+335	Dec 21	168.1	+4.5	RSS4 July 21	17,347	+20
<b>Total Vol.</b>	<b>9,675</b>	<b>+3,034</b>	<b>Total Vol.</b>	<b>135,490</b>	<b>+41,910</b>	<b>Total Vol.</b>	<b>31,446</b>	<b>+9,422</b>	<b>MCX</b>	<b>Last (INR)</b>	<b>Net</b>
<b>Total OI</b>	<b>11,199</b>	<b>+45</b>	<b>Total OI</b>	<b>43,705</b>	<b>-4,015</b>	<b>Total OI</b>	<b>35,107</b>	<b>-530</b>	RSS4 July 21	16,850	-201

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 June)	8,635	-165
Shanghai SHFE Rubber Stocks (ton, 25 June)	183,534	+930
Shanghai INE Rubber Stocks (ton, 25 June)	57,658	-9,313
China Vehicle Total Sales (unit, 31 May)	2,127,721	-124,071
China Passenger Car Sales (unit, 31 May)	1,646,037	-58,003
China Commercial Car Sales (unit, 31 May)	481,684	-66,068
US Unemployment Rate (% May)	5.8%	-0.3
US Non-Farm Payroll (May)	559,000	+293,000
Japan Unemployment Rate (% Apr)	2.8	+0.2
Japan PMI (June)	51.5	-1.5
Japan Tankan Large Manufacturing (31/3)	+5	+15
China PMI (Apr)	51.1	-0.8
China GDP 1Q (%)	+18.3	+11.8

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	110.75	+0.54
EUR/USD	1.1935	+0.0071
GBP/USD	1.3879	+0.0069
USD/CHF	0.9173	-0.0043
AUD/USD	0.7590	+0.0111
USD/CNY	6.4562	+0.0031
USD/INR	74.1888	+0.3275
USD/SGD	1.3423	-0.0028
USD/MYR	4.1567	+0.0172
USD/THB	31.812	+0.323
USD/IDR	14,425	+50
USD/VND	23,012	+2

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	29,066.18	+102.10
TOPIX Japan	1,962.65	+16.09
Dow Jones US	34,433.84	+1,143.76
S&P 500 US	4,280.70	+114.25
Nasdaq US	14,360.40	+330.02
CSI 300 China	5,239.97	+137.51
Shanghai China	3,607.56	+82.46
HSI Hong Kong	29,288.22	+486.95
STI Singapore	3,121.60	-22.56
KLCI Malaysia	1,559.68	-29.37
SET Thailand	1,582.67	-30.31
IDX Indonesia	6,022.40	+15.28
VSE Vietnam	1,390.12	+12.35

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 21	29,040	+110
JPX TOPIX Sep 21	1,958.5	+17.5
JPX NK 400 Sep 21	17,660	+135
JPX TSE REIT Sep 21	2,123.5	+33.5
JPX NK 225 VI July 21	17.80	-0.75
JPX JGB 10 Year Sep 21	151.72	+0.10
JPX Gold 1 Kg Apr 22	6,339	+20
JPX Mini Gold 100g Apr 22	6,339	+20
JPX Gold Rolling Spot	6,331	+25
JPX Silver Apr 22	93.8	+2.2
JPX Platinum Apr 22	3,910	+115
JPX Palladium Apr 22	9,313	+293
JPX Corn July 22	33,490	+430

Source: JPX

### Rubber Trading – Technical Analysis (OSE Nov Rubber futures):

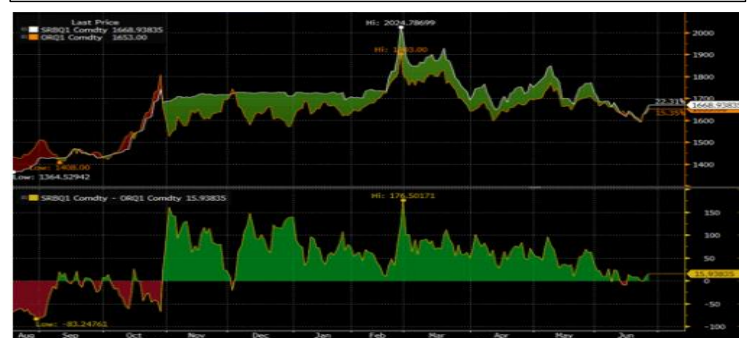
OSE Nov futures closed the week above the important 200 day moving average at 240.8. The market touched support at 232.0 and 232.1 in the early part of the week and managed to stay above the important 230.0 support level. Prices trend higher on Thurs and Friday hitting high at 241.3 before settled at 240.8. It was narrow range all week and RSI was neutral at 50.8%. There is a chance for market to move higher towards the 248.0-250 levels, however a close below 230.0 signal bearish market



Source: Bloomberg

### Rubber Trading – Inter-Market Arbitrage (INE vs SICOM Aug Rubber):

The arbitrageur who put a long on INE Aug futures and short SICOM Aug futures at +8.4 is seeing some widening of the inter-market spread this week. Prices at INE closed at 10,775 (\$1,669/tonne – converted at 6.4562) while SICOM Aug closed at \$1,653/tonne making a differential of +16 (1,669-1,653). The arbitrageur is expecting the inter-market spread widening to continue to 40/50 level and look to exit at 40. He also placed a GTC stop loss to exit if the spread narrows back to -10.



Source: Bloomberg

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