

The Japan Rubber Futures Weekly Report:

25 Sep – 29 Sep 2023

Japan: Unemployment Rate higher at 2.7% in Aug, CPI 2.4% y/y in Sept, Industrial Production 0.0 and Retail Sales 7.0% y/y in Aug

Rubber Futures Report:

World rubber futures closed the week lower across all major rubber exchanges. This decline was driven by long liquidation as funds sold off or squared positions ahead of the China Golden Week holidays. Trading volume decreased in all exchanges except for OSE, which saw an increase after a shortened trading holiday the previous week. OSE rubber dropped by 1.6%, SHFE and INE rubber fell by 1.6% and 1.8%, respectively, and SICOM rubber also declined by 1.1%. These price decreases followed a period of overbought conditions, and the retracement is viewed as a technical correction. In other rubber-related news, Japan's Mitsubishi Motors has ceased automobile production in China following unsuccessful negotiations with its joint venture partner, GAC. Meanwhile, the US-based Goodyear tire company lost USD 35 million to USD 40 million in sales due to a fire at its factory in Poland. Goodyear has also announced plans to cut its workforce by 700 employees across its manufacturing facilities in Australia and New Zealand. Japan's Bridgestone Tire will discontinue its Original Equipment (OE) truck and bus tire business in China. In the global financial landscape, equity markets experienced a decline due to increasing interest rates and concerns about a potential government shutdown in the US. The strength of the USD, driven by a high 10-year bond yield, has resulted in selling pressure on certain commodities, including gold. The Rubber market is expected to trade sideways, with a relatively quiet week ahead of the closure of the Chinese market from Sept 29 to Oct 6. The Chinese market resumes trading on Oct 9.

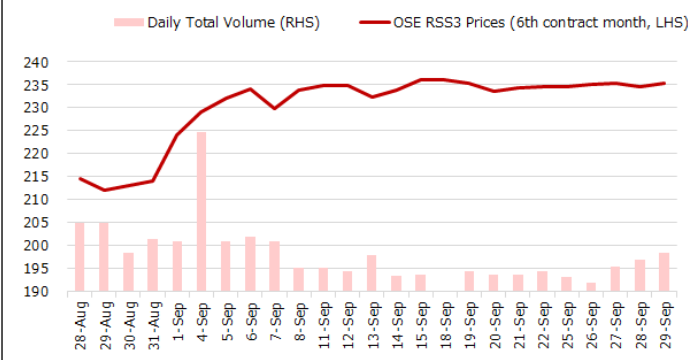
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Oct 23	228.8	+0.8	SCR/RSS Jan 24	13,890	-230	Oct 23	136.3	Expired	Jan 24	229.7	-1.6
Nov 23	225.8	-1.8	SCR/RSS May 24	13,835	-220	Nov 23	139.8	-3.2	Feb 24	232.4	-2.2
Dec 23	226.5	-1.3	Total Vol.	1,235,169	-869,412	Dec 23	141.5	-2.1	SHFE BR	Last (CNY)	Net
Jan 24	228.7	-2.4	Total OI	247,041	-38,860	Jan 24	142.4	-1.6	Jan 24	12,890	-510
Feb 24	231.9	-2.7	INE TSR Nov 23	10,580	-190	Feb 24	142.7	-1.4	Feb 24	12,725	-505
Mar 24	235.3	-1.8	INE TSR Dec 23	10,545	-190	Mar 24	143.4	-1.0	Mar 24	12,670	-440
Total Vol.	10,431	+3,851	Total Vol.	348,452	-59,122	Total Vol.	43,369	-4,007	Total Vol.	353,789	-174,894
Total OI	9,975	-786	Total OI	122,543	-15,972	Total OI	65,349	-3,314	Total OI	148,029	-26,696

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MICX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Sep)	7,641	-491
Shanghai SHFE Rubber Stocks (ton, 29 Sep)	239,748	+3,496
Shanghai INE Rubber Stocks (ton, 29 Sep)	72,071	+907
China Vehicle Total Sales (unit, 31 Aug 23)	2,582,401	+195,469
China Passenger Car Sales (unit, 31 Aug 23)	2,272,782	+172,934
China Commercial Car Sales (unit, 31 Aug 23)	309,618	+22,535
US Unemployment Rate (% Aug 23)	3.8	+0.3
US Non-Farm Payroll (Aug 23)	187,000	+30,000
Japan Unemployment Rate (% Aug)	2.7	0
Japan Manufacturing PMI (Aug)	48.6	-1.1
Japan Tankan Large Manufacturing (2Q 23)	+5.0	+0.4
China Manufacturing PMI (Aug)	49.7	+0.4
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

FOREX	Last	Net
USD/JPY	149.37	+1.0
EUR/USD	1.0573	-0.0080
GBP/USD	1.2199	-0.0042
USD/CHF	0.9153	+0.0087
AUD/USD	0.6435	-0.0006
USD/CNY	7.298	-0.0010
USD/INR	83.04	+0.1012
USD/SGD	1.3662	+0.0010
USD/MYR	4.6950	+0.0058
USD/THB	36.571	+0.586
USD/IDR	15,460	+85
USD/VND	24,305	-29

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	31,861.50	-540.91
TOPIX Japan	2,323.39	-52.88
Dow Jones US	33,507.50	-456.34
S&P 500 US	4,288.05	-32.01
Nasdaq US	13,219.32	+7.5
CSI 300 China	3,689.52	-49.41
Shanghai China	3,110.48	-21.95
HSI Hong Kong	17,809.66	-247.79
STI Singapore	3,217.41	+12.59
KLCI Malaysia	1,424.17	-26.06
SET Thailand	1,471.43	-51.16
IDX Indonesia	6,639.89	-76.95
VSE Vietnam	1,154.15	-38.90

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Dec 23	31,860	-410
JPX TOPIX Dec 23	2,323.5	-35.0
JPX NK 400 Dec 23	20,915	-285
JPX TSE REIT Dec 23	1,850.0	-2.0
JPX NK 225 VI Oct 23	19.30	-0.05
JPX JGB 10 Year Dec 23	144.96	-0.35
JPX Gold 1 Kg Aug 24	8,953	-214
JPX Platinum Aug 24	4,350	-38
JPX Silver Aug 24	110.3	-1.7
JPX Palladium Aug 24	5,950	0
JPX TSR20 Dec 23	211.0	-1.0
JPX Corn Sept 24	39,140	-60
JPX Dubai Crude Feb 24	80,140	-480

Source: JPX

Technical Analysis on the OSE Mar-2024 Contract:

OSE's active new Mar-2024 dropped JPY 1.8, closing at 235.3 in moderately active trading. The weekly trading volume increased by 3,851 lots, while the open interest declined due to long liquidation. The 14-day RSI remained at the overbought level of 71%, suggesting a potential downside. Anticipated support levels are 234.0 and 231.0, with resistance levels at 237.5 and 240.0. Given the holiday closure of the Chinese market, the expected trading range for March-2023 will likely be between 232.0 and 237.0 this week.



Source: Bloomberg

Technical Analysis on the SGX SICOM Jan-2024 Contract:

SICOM's active Jan-2024 contract fell 1.6 cents, closing at 142.4 in response to long liquidation during moderately quiet trading. Despite the price decrease, overall market sentiment remains steady, with the 14-day RSI falling to 57% from a previously over-bought condition. Prices are building crucial support at 139-140 levels, and resistance levels will be 145-146. A closing above the 146 level would likely signal a new high, reaching 150 or higher. Due to the long Golden Week holidays in China, Jan-2024 contracts are anticipated to trade within a range of 140.0-144.0 for the week.



Source: Bloomberg

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