

# The Japan Rubber Futures Weekly Report:

## 28 August – 01 September 2023

Japan: Unemployment rate +0.2% at 2.7%, Industrial Production weaker at -2.0%, and Retail Sales higher at +6.8% in July

### Rubber Futures Report:

Global rubber futures across major exchanges experienced significant gains, with OSE, SHFE, INE, and SICOM witnessing jumps of 5.6%, 4.5%, 6.9%, and 2%, respectively, in prices during the week. The price surge, reaching an 8-month high, was propelled by continuing aggressive fund buying. This rally was buoyed by optimism regarding a forthcoming Chinese economic recovery expectation later this year led by the PBOC's rate cuts for first-time home buyers, an upturn in Chinese Manufacturing PMI for August, and government efforts to boost the local stock market and stimulate the economy. China's Manufacturing PMI in August stood at 49.7, better than market expectations, although it remained below the 50.0 expansion threshold. The depreciation of the JPY and RMB further supported rubber prices. However, the recent price surge has entered a technically overbought territory, suggesting the possibility of profit-taking in the upcoming sessions. In global news, stock markets worldwide rallied, driven by expectations of reduced inflation pressures and a soft landing for the economy, following US jobs data. The US reported an August unemployment rate increase of 0.3 percentage points to 3.8%, with non-farm payrolls slightly exceeding expectations at +187,000 against the anticipated 170,000. The USD remained strong, supported by higher US bond yield levels. Russian President Putin announced an upcoming meeting with China's President Xi Jinping.

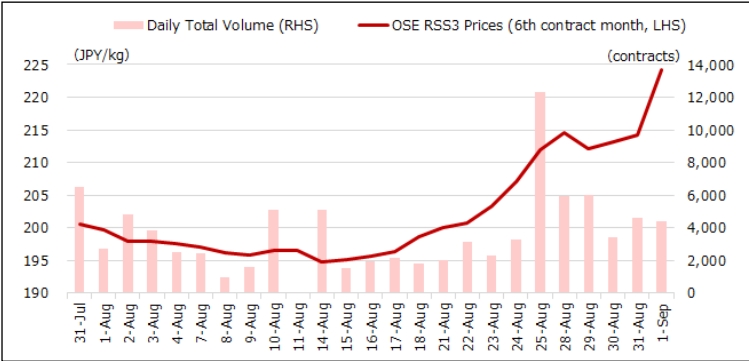
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USc)	Net	TFEX JRF	Last (THB)	Net
Sep 23	221.6	+10.7	SCR/RSS Jan 24	13,850	+595	Sep 23	135.0	Expired	Dec 23	229.0	+17.0
Oct 23	220.9	+9.9	SCR/RSS May 24	13,855	+615	Oct 23	134.7	+3.5	Jan 24	231.0	+18.9
Nov 23	220.9	+9.8	<b>Total Vol.</b>	<b>1,874,935</b>	<b>+461,066</b>	Nov 23	134.0	+2.7	<b>SHFE BR</b>	<b>Last (CNY)</b>	<b>Net</b>
Dec 23	221.2	+9.2	<b>Total OI</b>	<b>295,973</b>	<b>+9,384</b>	Dec 23	133.2	+1.6	Jan 24	12,780	+1,080
Jan 24	223.9	+11.9	INE TSR Oct 23	10,375	+685	Jan 24	133.3	+1.1	Feb 24	12,515	+880
Feb 24	224.2	+11.8	INE TSR Nov 23	10,405	+670	Feb 24	133.3	+0.8	Mar 24	12,670	+1,120
<b>Total Vol.</b>	<b>24,417</b>	<b>+1,392</b>	<b>Total Vol.</b>	<b>674,191</b>	<b>+305,892</b>	<b>Total Vol.</b>	<b>67,163</b>	<b>+14,616</b>	<b>Total Vol.</b>	<b>347,644</b>	<b>+18,225</b>
<b>Total OI</b>	<b>15,229</b>	<b>-4,223</b>	<b>Total OI</b>	<b>120,644</b>	<b>+8,595</b>	<b>Total OI</b>	<b>69,107</b>	<b>-621</b>	<b>Total OI</b>	<b>178,764</b>	<b>+32,285</b>

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 20 Aug)	10,135	-209
Shanghai SHFE Rubber Stocks (ton, 01 Sep)	217,542	+12,792
Shanghai INE Rubber Stocks (ton, 01 Sep)	68,343	-403
China Vehicle Total Sales (unit, 31 July 23)	2,386,932	-235,460
China Passenger Car Sales (unit, 31 July 23)	2,099,849	-167,972
China Commercial Car Sales (unit, 31 July 23)	287,083	-67,488
US Unemployment Rate (% , Aug 23)	3.8	+0.3
US Non-Farm Payroll (Aug 23)	187,000	+30,000
Japan Unemployment Rate (% , July)	2.5	-0.1
Japan Manufacturing PMI (July)	49.7	+0.1
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	146.22	-0.22
EUR/USD	1.0780	-0.0016
GBP/USD	1.2590	+0.0012
USD/CHF	0.8851	+0.0004
AUD/USD	0.6456	+0.0050
USD/CNY	7.2664	-0.0209
USD/INR	82.7188	+0.0638
USD/SGD	1.3527	-0.0034
USD/MYR	4.6465	+0.0058
USD/THB	35.093	-0.017
USD/IDR	15,242	-53
USD/VND	24,085	+75

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	32,710.62	+1,086.34
TOPIX Japan	2,349.75	+83.35
Dow Jones US	34,837.71	+490.81
S&P 500 US	4,515.77	+110.06
Nasdaq US	14,031.81	+441.16
CSI 300 China	3,791.49	+82.34
Shanghai China	3,133.25	+69.17
HSI Hong Kong	18,382.06	+425.68
STI Singapore	3,233.30	+43.42
KLCI Malaysia	1,463.43	+19.02
SET Thailand	1,561.51	+1.31
IDX Indonesia	6,977.65	+82.21
VSE Vietnam	1,224.05	+40.68

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Sep 23	32,700	+1,070
JPX TOPIX Sep 23	2,346.5	+79.5
JPX NK 400 Sep 23	21,210	+720
JPX TSE REIT Sep 23	1,900.5	+31.0
JPX NK 225 VI Sept 23	17.65	-1.45
JPX JGB 10 Year Sep 23	147.04	+0.35
JPX Gold 1 Kg June 24	9,067	+87
JPX Platinum June 24	4,470	+131
JPX Silver June 24	113.1	+1.5
JPX Palladium June 24	5,900	-100
JPX TSR20 Nov 23	194.0	+3.0
JPX Corn Sept 24	39,950	+130
JPX Dubai Crude Jan 24	76,130	+2,530

Source: JPX

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

OSE's active Jan-2024 contract surged by JPY 11.9 to 223.9, supported by a substantial trading volume of 24,417 contracts. However, open interest dropped by 4,003 as short-covering activities dominated. Arbitrage buying against the SHFE contracts further fueled the price shoot. The 14-day RSI reached an overbought level of 87.4%, signaling a potential correction that could offer buying opportunities. Support levels will be 219.0 and 213.6, while the resistance levels will be 226.0 and 230.0. This rally has marked a significant shift in the market trend.



Source: Bloomberg

### Technical Analysis on the SGX SICOM Nov-2023 Contract:

SICOM's Dec-2023 contract increased by 1.6 cents, closing at 133.2 in active trading. Given that the market closed on Friday, a day marked by big rallying, there is a potential for upward movement when trading resumes on Monday. The recent rally has led to a shift in market sentiment, suggesting that prices may begin trending upward, potentially reversing several months of a downtrend. The 14-day RSI is in an overbought territory at 70.9%. Support levels will be 133.5 and 131.0, while resistance levels will be 140.0 and 143.0. The Sep-2023 contract expired at 135.0 on Thursday.



Source: Bloomberg

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