

# The Japan Rubber Futures Weekly Report:

## 21 Aug – 25 Aug 2023

Japan: Preliminary Manufacturing PMI at 49.7 (+0.1) and Services PMI at 54.3 (+0.5) in Aug, Tokyo CPI lower at 2.9% y/y in Aug

### Rubber Futures Report:

Global rubber futures concluded the week with significant gains, driven by substantial buying activities from speculative and commodity funds. This rapid surge caught short sellers off guard, prompting them to cover their positions, consequently driving higher prices. OSE rubber futures rallied 6.7% with solid trading volume, while SHFE and INE gained 3.4% and 2.9%, respectively. SICOM rubber also observed a growth of 3.6%, driven by short-covering trading. China's synthetic rubber BR increased by 3.1%, attributed to renewed buying interest, as shown by a surge in trading volume. Markets are shifting to be optimistic about a potential rebound in the Chinese economy later in the year and increased demand for rubber in the EU countries. China's PBOC has been actively cutting rates recently to support its economy, and the depreciation of JPY and RMB is now driving rubber buying interest. In recent rubber-related news, ANRPC said in its July report that demand for rubber grew 3.3%, surpassing a 2.1% growth in production compared to the previous year. Thai producer Sri Trang Argo has announced its intention to expand its market share from 10% to 12%, potentially contributing to a positive outlook for long-term rubber prices. In other news, during the Jackson Hole symposium, Fed Chairman Powell conveyed that the Fed will closely monitor the situation and stand prepared to raise rates if inflation remains elevated. BOJ governor stated that underlying inflation in Japan continues to be "a bit below" the BOJ's 2% target. The global equities market ended with mixed results, while the USD exhibited strength against major currencies.

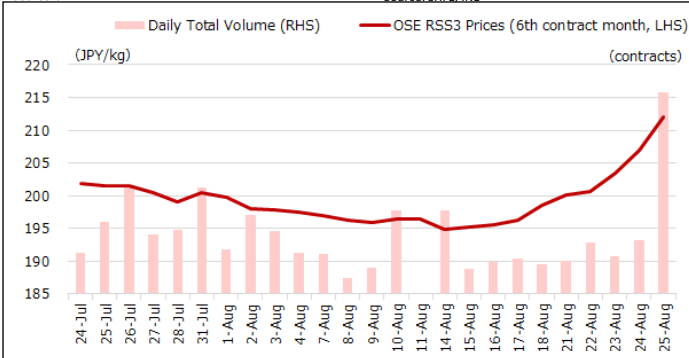
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFXE JRF	Last (THB)	Net
Aug 23	211.5	+16.9	SCR/RSS Sep 23	12,080	+250	Sep 23	131.7	+4.2	Dec 23	212.0	+13.6
Sep 23	210.9	+13.9	SCR/RSS Jan 24	13,255	+435	Oct 23	131.2	+4.5	Jan 24	212.1	+14.0
Oct 23	211.0	+12.5	<b>Total Vol.</b>	<b>1,413,869</b>	<b>+427,386</b>	Nov 23	131.3	+4.6	<b>SHFE BR</b>	<b>Last (CNY)</b>	<b>Net</b>
Nov 23	211.1	+12.4	<b>Total OI</b>	<b>286,589</b>	<b>-19,692</b>	Dec 23	131.6	+4.4	Jan 24	11,700	+350
Dec 23	212.0	+13.1	INE TSR Oct 23	9,690	+270	Jan 24	132.1	+4.1	Feb 24	11,635	+320
Jan 24	212.0	+13.4	INE TSR Nov 23	9,735	+280	Feb 24	132.5	+4.2	Mar 24	11,550	+280
<b>Total Vol.</b>	<b>23,025</b>	<b>+10,506</b>	<b>Total Vol.</b>	<b>368,299</b>	<b>+101,020</b>	<b>Total Vol.</b>	<b>52,547</b>	<b>-8,021</b>	<b>Total Vol.</b>	<b>329,419</b>	<b>+168,532</b>
<b>Total OI</b>	<b>19,452</b>	<b>+189</b>	<b>Total OI</b>	<b>112,049</b>	<b>+10,204</b>	<b>Total OI</b>	<b>69,728</b>	<b>-2,552</b>	<b>Total OI</b>	<b>146,479</b>	<b>+24,752</b>

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFXE, ICEX, MXX



Source: JPX

FOREX	Last	Net
USD/JPY	146.44	+1.05
EUR/USD	1.0796	-0.0077
GBP/USD	1.2578	-0.0156
USD/CHF	0.8847	+0.0027
AUD/USD	0.6406	+0.0000
USD/CNY	7.2873	+0.0028
USD/INR	82.655	-0.45
USD/SGD	1.3561	-0.0011
USD/MYR	4.6407	-0.0081
USD/THB	35.110	-0.295
USD/IDR	15,295	+5
USD/VND	24,010	+190

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	31,624.28	+161.78
TOPIX Japan	2,266.40	+29.11
Dow Jones US	34,346.90	-153.76
S&P 500 US	4,405.71	+36.00
Nasdaq US	13,590.65	+299.87
CSI 300 China	3,709.15	-74.85
Shanghai China	3,064.08	-67.87
HSI Hong Kong	17,956.38	+5.53
STI Singapore	3,189.88	+15.95
KLCI Malaysia	1,444.41	-1.68
SET Thailand	1,560.20	+41.08
IDX Indonesia	6,895.44	+35.53
VSE Vietnam	1,183.37	+5.38

Source: JPX, Bloomberg

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Aug)	10,344	-652
Shanghai SHFE Rubber Stocks (ton, 25 Aug)	204,750	+1,802
Shanghai INE Rubber Stocks (ton, 25 Aug)	68,746	-706
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 (% , July 23)	3.5	-0.1
US Non-Farm Payroll (July 23)	187,000	+2,000
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 (July)	49.3	+0.3
China GDP 4Q (%)	+2.9	-1.0

Source: JPX, SHFE, Bloomberg

Source: JPX

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

OSE's Jan-2024 contract surged from the previous week. Following a prolonged period of subdued prices, massive buying by funds and short-covering pushed prices to reach a six-month high. A weak JPY against the USD also amplified the buying momentum. Friday's trading recorded an exceptionally high volume of 12,328 contracts. The price broke critical resistance levels, but a corrective pullback could occur as the market surged too rapidly. The 14-day RSI reached an overbought territory at 78.8%. The support levels will be 206.0 and 203.0, while the resistance levels will be the 213-214 range, followed by 218.0.



Source: Bloomberg

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

SICOM's Nov-2023 contract closed firmer, attributed to robust fund buying and the short covering of the RSS3 market. Trading volume was moderately active, and the price breached the short-term resistance level at 131.0, ultimately closing above it. This breakthrough signaled changing momentum. The 14-day RSI surged to 62.9%, indicating potential retracement in the upcoming sessions. The rally broke through the 50-day MA, shifting market sentiment from bearish to neutral. The support levels will be 129.5 and 127.0, while the resistance levels will be 133.5 and 135.0.



Source: Bloomberg

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