

The Japan Rubber Futures Weekly Report:

19 - 23 Feb 2024

Japan: Manufacturing PMI lower at 47.2 in Feb, Services PMI lower at 52.5 in Feb, Trade Balance JPY -1758.3B in Jan

Rubber Futures Report:

Global rubber futures closed the week strongly higher across all major exchanges. OSE Rubber futures increased by 2.8%, while SHFE and INE prices grew by 4% and 6.5%, respectively. SICOM rubber futures closed 5% higher in active trading. The market saw significant speculative and Chinese commodity fund buying, driving prices to recent highs. Optimism prevailed regarding the Chinese economy, especially after the PBOC announced to cut the policy rate. Physical solid demand was observed, with physical prices trading at a premium of 19-20 cents/kg over the spot month SICOM TSR20 futures price. Speculative and arbitrage buying further fueled the rally in futures prices. The unexpected decision by the PBOC to cut its 5-year loan prime rate by 25 bps to 3.95 percentage points spurred a rally in the local stock market. Additionally, concerns about potential rubber shortages in producing countries like Thailand and Indonesia have emerged, which could drive prices higher when demand increases. The onset of the winter season in the northern hemisphere may also impact rubber production. In other world news, Japan's BOJ governor, Kazuo Ueda, stated that Japan's economy is in a state of inflation, driven by a tight labor market pushing up wages. There are market expectations that the BOJ may end negative interest rates in the coming months. Japan's stocks surged to historic records, with the Nikkei 225 reaching a new high at 39,175.00. In the US, Fed Governor Chris Waller mentioned that the Fed can afford to wait a little longer to cut interest rates.

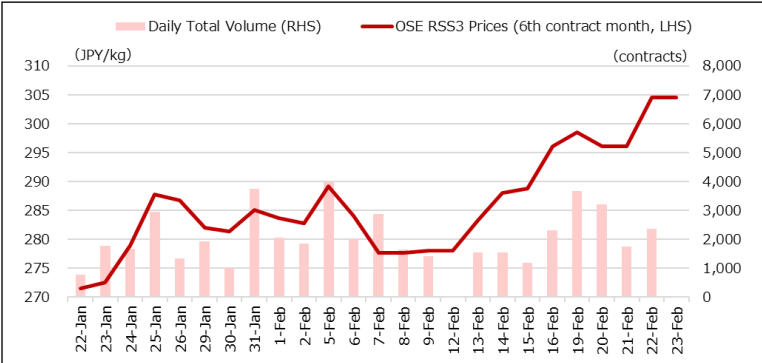
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Mar 24	302.0	+4.1	SCR/RSS May 24	13,765	+545	Mar 24	160.3	+6.0	Jun 24	300.9	+3.0
Apr 24	303.1	+5.1	SCR/RSS Sep 24	13,920	+555	Apr 24	161.3	+7.5	July 24	300.6	+0.6
May 24	304.1	+6.7	Total Vol.	1,054,400	+265,815	May 24	161.8	+7.8	SHFE BR	Last (CNY)	Net
Jun 24	304.2	+6.9	Total OI	213,351	+12,523	Jun 24	161.3	+7.3	Mar 24	13,080	+425
Jul 24	304.5	+8.4	INE TSR Apr 24	11,690	+710	July 24	161.3	+7.2	Apr 24	13,130	+495
Aug 24	303.6	+8.2	INE TSR May 24	11,730	+690	Aug 24	161.5	+7.1	May 24	13,075	+450
Total Vol.	10,963	+4,422	Total Vol.	354,042	+157,590	Total Vol.	91,891	+65,498	Total Vol.	134,467	+43,838
Total OI	8,829	+70	Total OI	118,918	+25,208	Total OI	82,192	+7,440	Total OI	30,890	+9,340

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFE, ICEX, MEX



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 10 Feb)	7,509	+492
Shanghai SHFE Rubber Stocks (ton, 23 Feb)	213,008	+2,400
Shanghai INE Rubber Stocks (ton, 23 Feb)	120,657	-101
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 (% Jan 24)	3.7	+0.0
US Non-Farm Payroll (Jan 24)	353,000	+20,000
Japan Unemployment Rate (% Dec 23)	2.4	-0.1
Japan Manufacturing PMI (Feb)	47.2	-0.8
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	150.51	+0.30
EUR/USD	1.0821	+0.0044
GBP/USD	1.2672	+0.0070
USD/CHF	0.8809	+0.0003
AUD/USD	0.6562	+0.0031
USD/CNY	7.1964	+0.0028
USD/INR	82.9487	-0.0663
USD/SGD	1.3431	-0.0040
USD/MYR	4.7773	-0.0020
USD/THB	35.955	-0.040
USD/IDR	15,597.5	-26
USD/VND	24,622.0	+90.5

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	39,098.68	+611.44
TOPIX Japan	2,660.71	+35.98
Dow Jones US	39,131.53	+503.54
S&P 500 US	5,088.80	+83.23
Nasdaq US	15,996.82	+221.16
CSI 300 China	3,489.74	+124.81
Shanghai China	3,004.88	+138.98
HSI Hong Kong	16,725.86	+385.59
STI Singapore	3,182.88	-39.06
KLCI Malaysia	1,549.11	+15.56
SET Thailand	1,398.30	+12.03
IDX Indonesia	7,295.09	-40.45
VSE Vietnam	1,212.00	+2.30

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	39,120	+510
JPX TOPIX Mar 24	2,659.5	+28
JPX NK 400 Mar 24	24,045	+210
JPX TSE REIT Mar 24	1,687.5	-14.0
JPX NK 225 VI Mar 24	20.90	-0.30
JPX JGB 10 Year Mar 24	146.23	+0.01
JPX Gold 1 Kg Dec 24	9,805	+124
JPX Platinum Dec 24	4,313	-20
JPX Silver Dec 24	112.0	+3.0
JPX Palladium Dec 24	4,700	+200
JPX TSR20 May 24	237.0	+6.0
JPX Corn Mar 25	37,020	-180
JPX Dubai Crude July 24	73,430	+10

Source: JPX

Technical Analysis on the OSE July-2024 Contract:

OSE's July-2024 contract continued its upward trend, gaining JPY 8.4 for another week and closing at 304.5. Prices breached critical resistances of 300.0 and 302.0 and closed above them. Despite a shortened week due to a national holiday, trading volume was robust at 10,963 lots, showing strong market activity. There was also fresh buying interest, leading to a slight increase in OI. The recent rally pushed the 14-day RSI to near overbought levels at 68.7%. Anticipated support levels are 300.0 and 297.0, while resistance levels are 306.0 and 310.0. Some profit-taking activity may occur before attempting to test higher price levels.



Source: Bloomberg

Technical Analysis on the SGX SICOM May-2024 Contract:

SICOM's active May-2024 contract gained 7.8 cents, closing at 161.8 in active trading. Weekly trading volume was heavy, reaching 91,891 lots, with fresh buying pushing open interest up by 7,440 lots. SICOM rubber recorded its highest daily volume in history on Thursday at 28,411 lots. The strong closing suggests that prices are likely to continue trading higher in the near term. The 14-day RSI indicates an overbought situation at 76.3%, which may lead to some profit-taking in the next few sessions before prices move resume their upward trajectory. The expected trading range is between 159.0 and 164.0.



Source: Bloomberg

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