

# The Japan Rubber Futures Weekly Report:

## 12 - 16 Feb 2024

Japan: 4Q GDP lower at -0.4% y/y, Industrial Production +1.4% in Dec, PPI +0.2% y/y in Jan, Machine Tools Orders -14.1% y/y in Jan

### Rubber Futures Report:

Global rubber futures closed the week higher on both OSE and SGX, with Chinese markets closed for the Lunar New Year. OSE rubber futures surged 6.5% amid thin market liquidity, driven by speculative buying, a domestic stock market rally, and a weaker JPY. Meanwhile, SGX SICOM rubber rose 0.7% in quiet trading, but sentiment remained steady, supported by higher RSS3 prices. Japanese stocks rallied strongly, with the Nikkei 225 index surging by nearly JPY 1,600 from the previous week to reach 38,487.24. This surge was driven by foreign investors increasing their holdings, fuelled by anticipation of improved earnings from Japanese companies. Additionally, there were expectations that the BOJ would maintain its monetary easing environment even after removing its negative interest rate policy. In rubber-related updates, Thailand's leading producer, Sri Trang, incurred a loss of THB 422 million due to subdued rubber demand and an oversupply in the glove business. Japan's Bridgestone missed its forecast for FY net income, reporting JPY 359 billion against the expected JPY 386.6 billion, citing a challenging business environment, especially in Q1 2024. Volkswagen announced plans for its Mexican unit to enhance its EV business with an investment of approximately USD 1 billion. In other global news, US inflation data in January showed steady outcomes, with CPI rising by 3.1% and PPI by 0.9%. The USD strengthened following the release of solid inflation data. Former Treasury Secretary Lawrence Summers suggested that the Fed might have a "meaningful chance" to raise interest rates instead of lowering them.

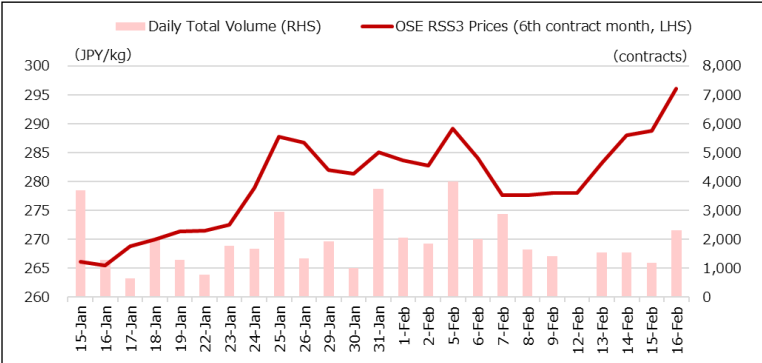
OSE RSS3	Last (JPY)	Net	SHFE/INE	Last (CNY)	Net	SICOM TSR20	Last (USC)	Net	TFEX JRF	Last (THB)	Net
Feb 24	300.1	+20.2	SCR/RSS May 24	13,220	-	Mar 24	154.3	+2.6	Jun 24	297.9	+19.1
Mar 24	297.9	+18.5	SCR/RSS Sep 24	13,365	-	Apr 24	153.8	+2.0	July 24	300.0	+21.3
Apr 24	298.0	+19.0	<b>Total Vol.</b>	-	-	May 24	154.0	+1.1	<b>SHFE BR</b>	<b>Last (CNY)</b>	<b>Net</b>
May 24	297.4	+20.0	<b>Total OI</b>	<b>200,828</b>	-	Jun 24	154.0	+1.6	Feb 24	12,595	-
Jun 24	297.3	+19.3	INE TSR Mar 24	10,880	-	July 24	154.1	+1.5	Mar 24	12,655	-
Jul 24	296.1	+18.1	INE TSR Apr 24	10,980	-	Aug 24	154.4	+1.3	Apr 24	12,635	-
<b>Total Vol.</b>	<b>6,541</b>	<b>-5,368</b>	<b>Total Vol.</b>	-	-	<b>Total Vol.</b>	<b>26,393</b>	<b>-14,351</b>	<b>Total Vol.</b>	-	-
<b>Total OI</b>	<b>8,759</b>	<b>+643</b>	<b>Total OI</b>	<b>93,380</b>	-	<b>Total OI</b>	<b>74,752</b>	<b>-236</b>	<b>Total OI</b>	<b>21,184</b>	-

Source: JPX

Source: SHFE, INE

Source: SGX

Source: TFEX, ICEX, MCK



Source: JPX

Important Data / Stock levels	Last	Net
Japan OSE Rubber Stocks (ton, 31 Jan)	7,017	+777
Shanghai SHFE Rubber Stocks (ton, 16 Feb)	210,608	-
Shanghai INE Rubber Stocks (ton, 16 Feb)	120,758	-
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 (Dec)	47.9	+0.2
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	150.21	+0.92
EUR/USD	1.0777	-0.0007
GBP/USD	1.2602	-0.0026
USD/CHF	0.8806	+0.0059
AUD/USD	0.6531	+0.0007
USD/CNY	7.1936	-
USD/INR	83.015	-0.0188
USD/SGD	1.3471	+0.0013
USD/MYR	4.7793	+0.0143
USD/THB	35.995	+0.079
USD/IDR	15,623.5	-11.5
USD/VND	24,531.5	+104

Source: Bloomberg

Stock Index	Last	Net
NK225 Japan	38,487.24	+1,589.82
TOPIX Japan	2,624.73	+66.85
Dow Jones US	38,627.99	-43.70
S&P 500 US	5,005.57	-21.04
Nasdaq US	15,775.66	-215.0
CSI 300 China	3,364.93	-
Shanghai China	2,865.90	-
HSI Hong Kong	16,339.96	+593.38
STI Singapore	3,221.94	+83.64
KLCI Malaysia	1,533.55	+21.27
SET Thailand	1,386.27	-2.1
IDX Indonesia	7,335.54	+100.39
VSE Vietnam	1,209.70	+11.17

Source: JPX, Bloomberg

JPX Derivatives	Last	Net
JPX NK225 Mar 24	38,610	+1,720
JPX TOPIX Mar 24	2,631.5	+73.5
JPX NK 400 Mar 24	23,835	+760
JPX TSE REIT Mar 24	1,701.5	-43.0
JPX NK 225 VI Mar 24	21.20	+0.70
JPX JGB 10 Year Mar 24	146.22	-0.08
JPX Gold 1 Kg Dec 24	9,681	-81
JPX Platinum Dec 24	4,333	+24
JPX Silver Dec 24	109.0	+2.7
JPX Palladium Dec 24	4,500	+100
JPX TSR20 May 24	231.0	+7.0
JPX Corn Mar 25	37,200	New
JPX Dubai Crude July 24	73,420	+1,330

Source: JPX

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

OSE's July-2024 contract increased by JPY 18.1, closing at 296.1 amid speculative buying, mirroring the Japanese stock market's near-record high. Trading activity was subdued due to Monday's market closure and the Lunar New Year holidays in China. Trading volume fell 5,368 lots, while open interest rose by 643 lots, indicating fresh buying interest. The rally pushed the 14-day RSI to 72.2%, signaling an overbought condition. Anticipated support levels are 288.0 and 285.0, while resistance levels are 300.0 and 304.0. With the Chinese rubber market set to resume on Monday, there are market expectations for higher prices.



Source: Bloomberg

### Technical Analysis on the SGX SICOM May-2024 Contract:

SICOM's active May-2024 contract closed slightly firmer in very quiet trading. Prices held steady despite a solid rally on OSE's RSS3 market. Trading volume was subdued due to shortened trading days in the week. Prices have stayed within the 150.0-156.0 range in recent weeks and are expected to continue trading within that range until a breakout occurs. The 14-day RSI is at the neutral level of 52%, indicating no clear price direction. Support levels remain at 149.5-150.5, while resistance levels are 155.5-156.0. With the Chinese markets set to open on Monday, there are anticipations of higher prices.



Source: Bloomberg

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