

Daily International Natural Rubber Price Outlook and Strategy

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Report for 15 Sep 2017

Global Natural Rubber Price Outlook Summary

14 Sep 2017	TOCOM RSS3 Feb'18 JPY/Kg	SICOM TSR20 Oct'17 USc/Kg	SHFE RSS3 Sep'17 CNY/MT
Closing Price	227.9	165.6	13555
Change	-3.10	-2.70	5

Fundamental Summary	Critical Price drivers	Price Direction
	SHFE NR inventories at record high levels	Downward
	Speculation regarding export curbs	Upward
	Peak production season in ANRPC region	Downward
	China auto sales data	Upward
	Weakness in Yen against Dollar ahead of FOMC meeting	Upward

Next 10 Trading days	Price Outlook Summary	TOCOM RSS3 Feb'18	SICOM TSR20 Oct'17
	Direction	Downward	Downward
	Price Range	235 – 220	173 – 158
		Prices are likely to stay below JPY 235 and trade lower towards JPY 220 in the coming 3-5 trading days.	Prices are likely to stay below USc 173 and trade lower towards USc 158 in the coming 3-5 trading days.

TOCOM RSS3 Natural Rubber Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Feb'17	Wait	--	--	--	--

Strategy Review

For fresh position traders may wait.

Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
TOCOM RSS3 6M	2005 to Till Date	80.00%	JPY 4.60
	June 2017	100.00%	JPY 2.80

SICOM TSR20 Natural Rubber Trading Strategy

Fresh / Open Position

Contract	Position	Entry	Entry Date	Objective	Stop Loss
Sep'17	Wait	--	--	--	--

Strategy Review

For fresh position traders may wait.

Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
SICOM TSR20 1M	2014 to Till Date	66.67%	USc 2.16
	June 2017	100%	USc 3.0

Fundamental Analysis

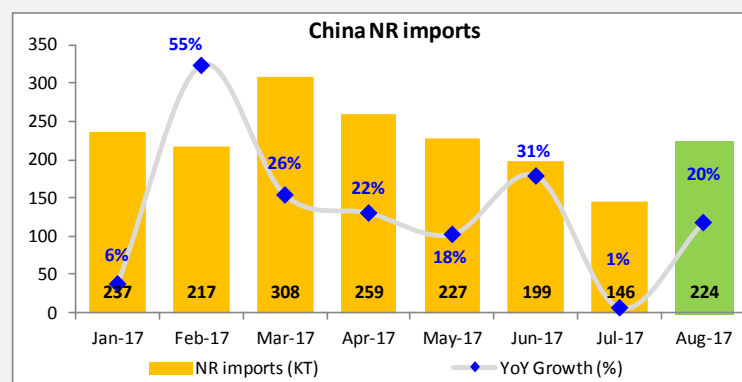
- ❖ TOCOM NR futures edged lower on Thursday's session owing to profit booking after rising for three consecutive sessions. Further, weak economic data from China triggered the profit taking in the market. However, weakness in Yen against Dollar and firm crude oil prices remained supportive capping the losses.
- ❖ At the economic front, China's industrial production growth slowed down to 6% YoY in August from 6.4% yearly growth in July 2017 and lower than market expectations of 6.5% growth rate. Further, retail sales also slowed down to growth 10.1% YoY in August compared to 10.4% YoY in July. Signs of sluggishness in Chinese economy are likely to undermine the market sentiments in the near term.
- ❖ On the other hand, China's automobile sales grew by 5.5% YoY in August to 2.19 million units compared to 2.07 million units during same period last year aided by strong growth in commercial vehicle sales. Also, China's auto production increased to 2.09 million units in August, 5.1% higher compared to 1.99 million units in Aug'16.

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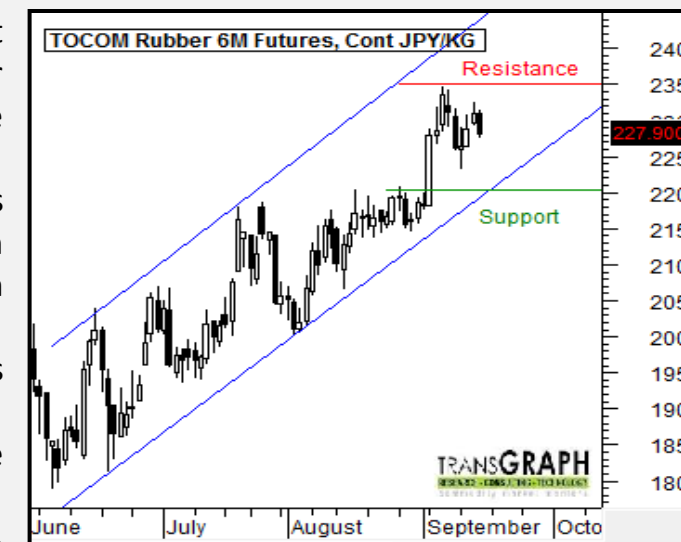
- ❖ Moving forward, continuing momentum in China's auto sector growth is expected improve the demand growth sentiments in the medium term and remain supportive to prices.
- ❖ In the next few sessions focus will be on international rubber tripartite group (Thailand, Indonesia and Malaysia) meeting to be held on September 15th. Agenda of the meeting will be discussion on price stability and group has indicated that they may opt for export curbs in order to support prices. Successful negotiation for the curbs as well as quantum of exports to be cut will be providing the price direction.
- ❖ China's NR imports in Aug'17 are estimated to have improved to 224 thousand tons compared to 146 thousand tons in the past month, snapping the four month declining trend. However, high inventory levels kept the imports growth limited.
- ❖ NR inventories at SHFE warehouses increased to fresh record high levels of 413.27 thousand tons by the week ending 1st Sep from 406.23 thousand tons a week earlier. NR stocks in China have continuously increased since the start of the year and are currently higher by more than 53.11 thousand tons compared to a year ago undermining the price sentiments.
- ❖ At the economic front, US Dollar edged higher against Yen in the past two sessions amid bargain hunting as market focus is seen shifting to the upcoming FOMC meeting next week.
- ❖ Moving forward, markets will be looking forward to the consumer price inflation data slated to release on Thursday. Rise in energy prices in the wake of Hurricane Harvey is likely to result in uptick in the core inflation.



Technical Outlook: TOCOM RSS3 Feb'18

- ❖ TOCOM Rubber Jan'18 futures prices have traded with bearish momentum and closed with "Bearish Engulfing" formation at JPY 227.90 in the last trading day.
- ❖ The "Bearish Engulfing" formation suggesting short term correction towards trend line support.

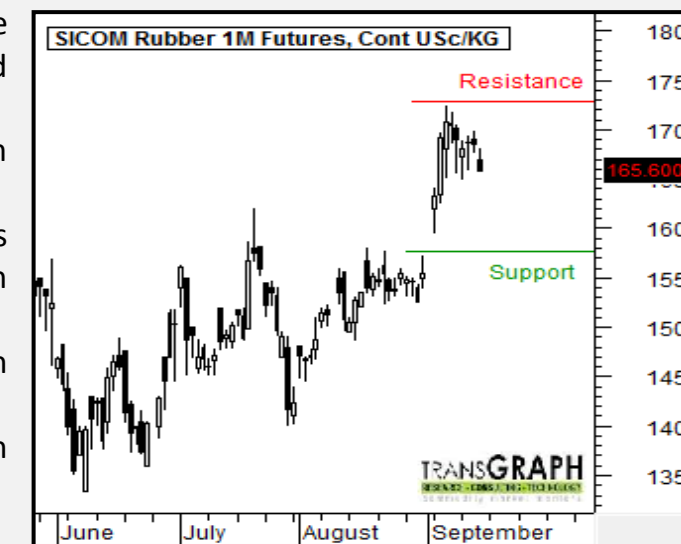
- ❖ However, prices are trading above short term moving averages and making higher highs indicating medium term positive trend intact.
- ❖ The daily momentum indicator RSI (14) is turning negative from overbought region supporting the short term correction in coming days.
- ❖ On the lower side, JPY 220 region can act as an immediate support.
- ❖ On the up side, JPY 235 act as immediate resistance followed by JPY 242.



Concisely, TOCOM futures prices are likely to stay below JPY 235 and trade lower towards JPY 220 in the coming 3-5 trading days.

Technical Outlook: SICOM TSR20 Oct'17

- ❖ SICOM Rubber Sep'17 futures prices have traded with bearish momentum and closed at USc 165.60 in the last trading day.
- ❖ Prices are resuming the short term weakness after Doji candles.
- ❖ The daily momentum indicators RSI (14) is turning negative from overbought region supporting short term correction.
- ❖ On the down side, USc 158 can act as an immediate and strong support zone.
- ❖ On the higher side, USc 173 acts as an immediate resistance followed by USc 180.



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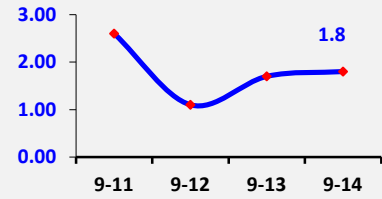
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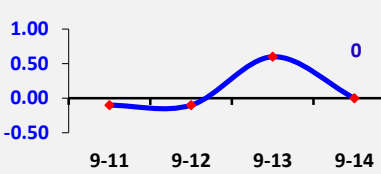
Concisely, SICOM futures prices are likely to stay below USc 173 and trade lower towards USc 158 in the coming 3-5 trading days.

Mini Charts

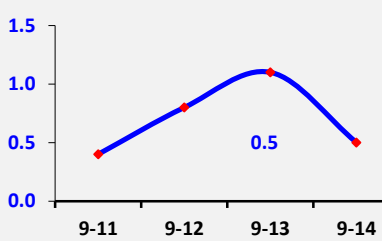
TOCOM RSS3 spread JPY/Kg
Oct'17-Sep'17



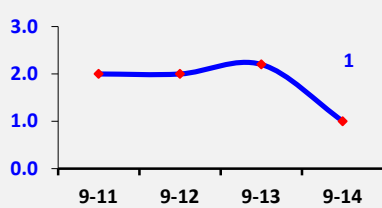
TOCOM RSS3 spread JPY/Kg
Nov'17-Oct'17



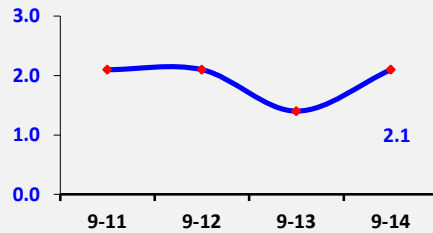
TOCOM RSS3 spread JPY/Kg
Dec'17-Nov'17



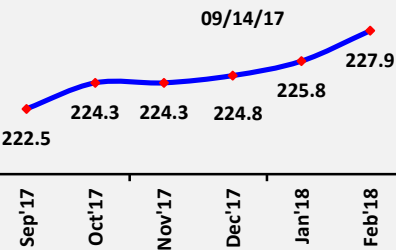
TOCOM RSS3 spread JPY/Kg
Jan'18-Dec'17



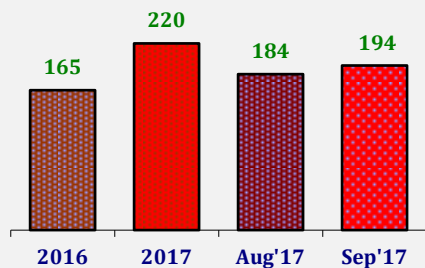
TOCOM RSS3 spread JPY/Kg
Feb'18-Jan'18



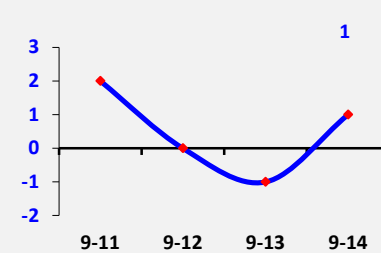
TOCOM RSS3 Forward curve
JPY/Kg



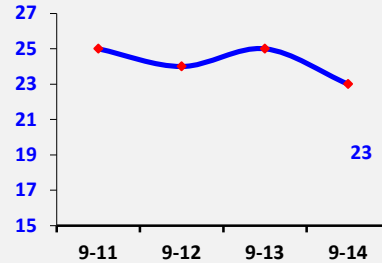
RSS3 Bangkok Ave Spot prices
Historical USc/ Kg



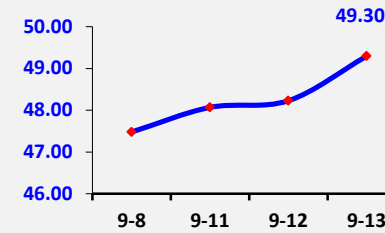
SIR20 & SMR 20 spot prices
USc/ Kg



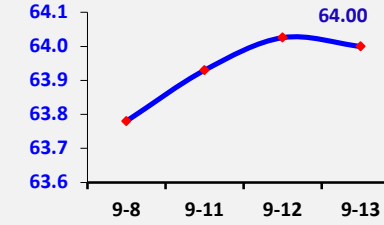
Bangkok RSS3 - TSR 20 spot spread
USc/ Kg



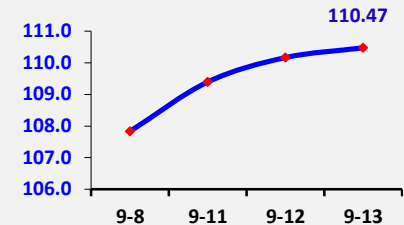
Crude oil prices (USD/BBL)



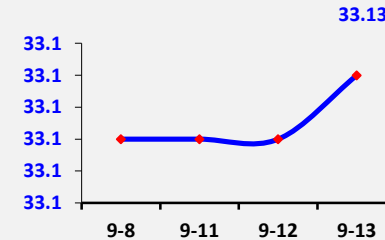
USDINR



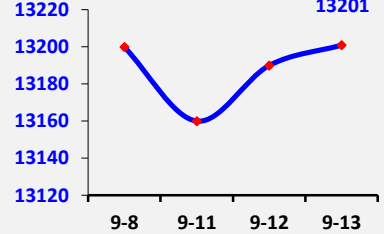
USDJPY



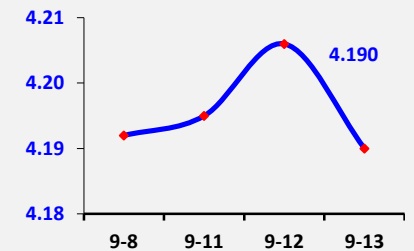
USDTHB



USDIDR



USDMYR



Market Prices

Exchange	Contract	14 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
NMCE RSS4 INR/Qtl (As On 13 th Sep 2017)	Aug'17	13800	13800	13680	13699	-73	13772
	Sep'17	13790	13790	13651	13680	43	13637
	Oct'17	13725	13769	13699	13712	57	13655
SICOM TSR 20 USc/Kg	Oct'17	167	168.1	165.6	165.6	-2.7	168.3
	Nov'17	168	168.9	167	167.4	-2.3	169.7
TOCOM RSS3 JPY/Kg	Jan'18 (D)	227.2	228.4	225.4	225.8	-3.8	229.6

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Exchange	Contract	14 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
D: Day, E: Electronic	Jan'18 (E)	229	229	225.4	225.8	-3.8	229.6
	Feb'18 (D)	229	230.8	227.5	227.9	-3.1	231
	Feb'18 (E)	231	231.4	227.5	227.9	-3.1	231
SHFE CNY/MT	Sep'17	13645	13645	13355	13555	5	13550
	Oct'17	13580	13645	13440	13535	-200.0	13735

Market	Commodity	14-Sep-17	13-Sep-17	Change	% Change
Malaysia	SMR 20 USc/Kg	168	170	-2.0	-1.18%
Kottayam, India	RSS 4 INR/Qtl	13600	13550	50	0.37%
Kottayam, India	RSS 5 INR/Qtl	13300	13250	50	0.38%
Kottayam, India	ISNR-20 INR/Qtl	12000	11900	100.0	0.84%
Kottayam, India	Latex (60% drc) INR/Qtl	8400	8350	50.0	0.60%

Price spreads as on 2017 Sep 14

Expiry	Closing Prices	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18
Sep'17	222.5	1.8	1.8	2.3	3.3	5.4
Oct'17	224.3		0	0.5	1.5	3.6
Nov'17	224.3			0.5	1.5	3.6
Dec'17	224.8				1	3.1
Jan'18	225.8					2.1
Feb'18	227.9					

Our Extensive coverage of Natural Rubber

Report	Coverage #	Price Outlook & Strategies
Daily Indian Natural Rubber Price Outlook and Strategy	NU, FA, TA, PO, TS, FF, MP, 5D, 2W	IN.RSS4c1.NMCE
Daily International Natural Rubber Price Outlook and Strategy	NU, FA, TA, PO, TS, FF, MP, 5D, 2W	JP.RSS3c6.TOCOM, SG.TSR20c1.SICOM
Weekly Natural Rubber Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	TH.RSS3.SPOT, TH.TSR20.SPOT, ID.SIR20.SPOT, MY.SMR20.SPOT, IN.RSS4.SPOT
Monthly Natural Rubber special report	FA, BS, TA, PO, 2M	IN.RSS4.SPOT, TH.RSS3.SPOT, TH.TSR20.SPOT, JP.RSS3c6.TOCOM, SG.TSR20c1.SICOM

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

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Market	Commodity	14-Sep-17	13-Sep-17	Change	% Change
Bangkok	RSS 3 THB/Kg	63.6	63.95	-0.4	-0.55%
Bangkok	STR 20 USc/Kg	169	168	1.0	0.60%
Indonesia	SIR 20 USc/Kg	169	169	0.0	0.00%

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