

TSR 20 Weekly Report:

SHFE Rubber Breaking Bottom of 10,000

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Market Review and Strategy

This week, SHFE ru continued to fall and the active contract has fallen 10,000. The sharp decline in crude oil and the stock market caused risk-off and pressure, especially metals such as copper. Recently, many auto and tire companies in Europe and the United States suspended production, COVID-19 clearly has a shocking impact on global economy. If this situation continues, impact on rubber demand will deepen. However, rubber has returned to a low point ever since late 2008, the spot market's demand is much greater than decades ago, and downtrend space should be limited.

I. Market Review

Delivery Month	Weekly Opening Price	High	Low	Weekly Close	Net Change	Open Interest	O.I Change	Weekly Settle	Volume	Turnover
Species:nr										
nr2004	7870	7905	7670	7745	-375	2260	-218	7820		--
nr2005	7975	7985	7760	7800	-430	18211	-533	7890		--
nr2006	8060	8085	7845	7905	-365	3665	173	7970		--
nr2007	8170	8170	7970	8070	-315	588	7	8080		--
nr2008	--	--	--	8215	-300	4	0	8215		--
nr2009	8085	8465	8085	8465	-105	25	2	8275		--
nr2011	--	--	--	8540	-305	1	0	8540		--
nr2012	--	--	--	8485	-305	1	0	8485		--
nr2101	--	--	--	8780	-315	4	0	8780		--
nrSubtotal		8465	7670			24759	-569			--
Total		--	--			142067	4589			--



Chart 1-1 SHFE Rubber Active Contract Trend Analysis

Source: Wenhua, Founder Cifco

II. Highlights

China Automobile Association: Auto production and sales are expected to fall by 45% in Q1 and 25% in H1.

On March 18, Ye Shengji, deputy secretary-general of the China Association of Automobile Manufacturers, said the virus would have a huge impact on Q1 of the auto industry' operations. If the outbreak is effectively controlled by the end of March, production and sales are expected to decline by about 45% in Q1 and about 25% in H1.

Previously, the federation had expected the car market to remain at an all-time low, with the market expected to pick up after April-May, as confidence in car purchases is difficult to return to normal in March.

This year's sales decline is estimated to be around 2.1 million, compared with 5.09 million units in Q1 last year, and is expected to be about 2.99 million units in Q1 2020.

US car companies are shutting down

Foreign media reported that, Detroit's three auto giants, Ford, GM and Fiat Chrysler, will close all of their North American factories in an effort to prevent the spread of the coronavirus outbreak, and under pressure from the United Auto Workers (UAW). Recently, some Japanese and South Korean car companies have also announced the closure of north American factories.

Goodyear, Michelin shut down several factories

Foreign media reported that Goodyear Tires has announced that it will suspend tire production and tire refurbishment factories in Europe, North America and South America. These factories will be phased out in recent days, at least until April 3. Goodyear closed 13 factories in the Americas, in Brazil, Canada, Chile, Colombia, Mexico, Peru and the United States, involving 17,000 employees. Meanwhile, the company will close 11 European factories in France, Germany, Luxembourg, the Netherlands, Slovenia and Poland, and its plants in Peru have been closed in the past few days, involving nearly 12,000 employees. Previously, the French factory for Michelin tires was closed on the afternoon of 16 March, and the Italian and Spanish ones were closed on 17 March. A total of 20,000 employees were employed at the three Michelin tire closures.

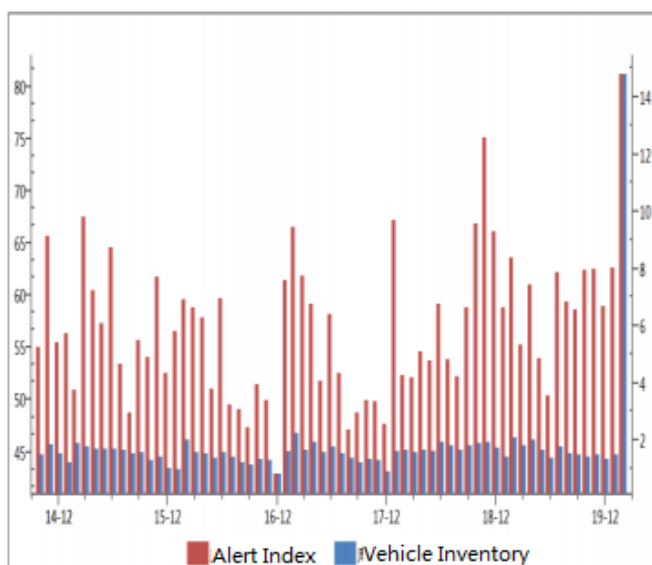


Chart 2-1 Domestic Vehicle Inventory and Alert Index

Source: Wind, Compiled by Founder Cifco

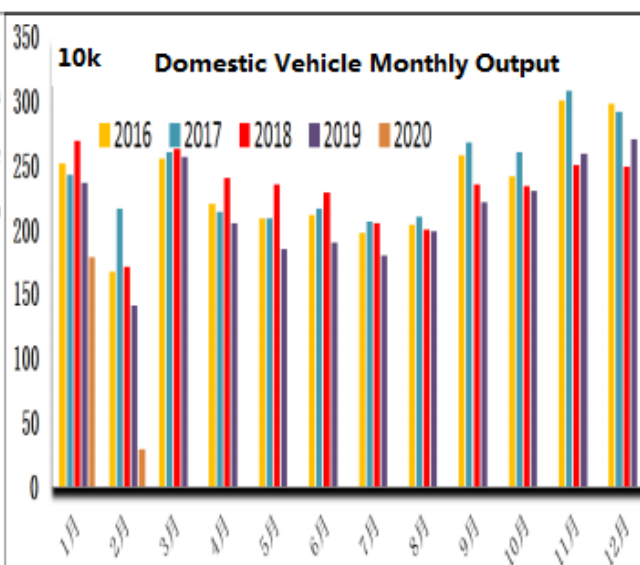


Chart 2-2 Domestic Vehicle Monthly Output

Source: CAAM, Compiled by Founder Cifco

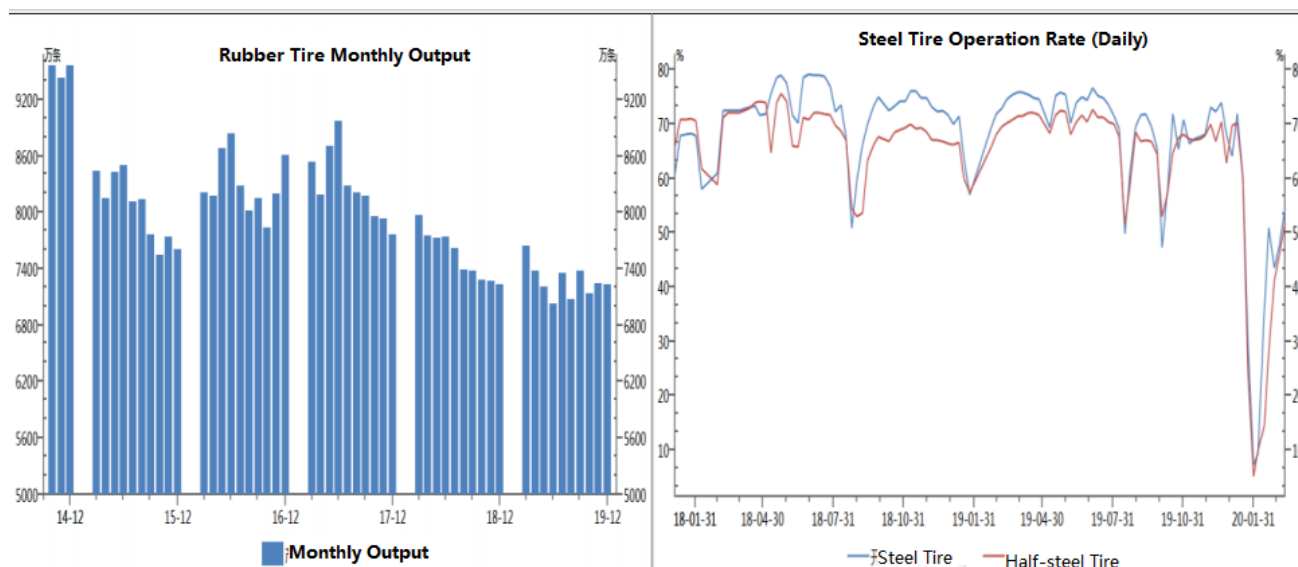


Chart 2-3 Rubber Tire Monthly Output

Source: Wind, Compiled by Founder Cifco

Chart 2-4 Steel Tire Operation Rate (Daily)

Source: Wind, Compiled by Founder Cifco

III. Spread and Basis

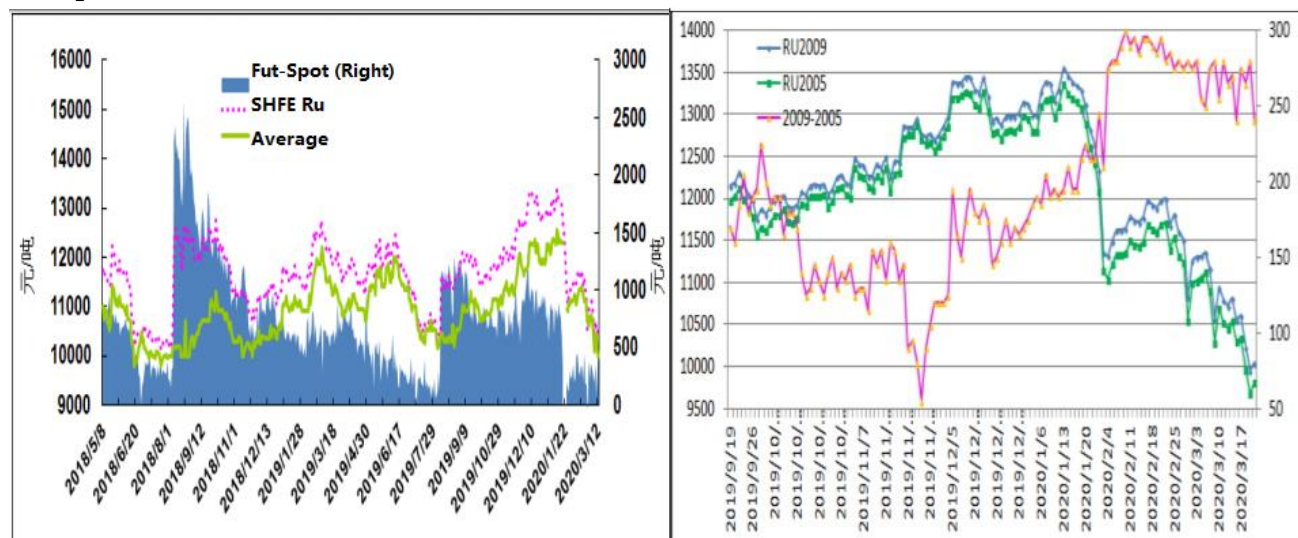


Chart 3-1 Domestic Rubber Trend

Source: Wind, Compiled by Founder Cifco

Chart 3-2 RU2009 and RU 2005

Source: SHFE, Compiled by Founder Cifco

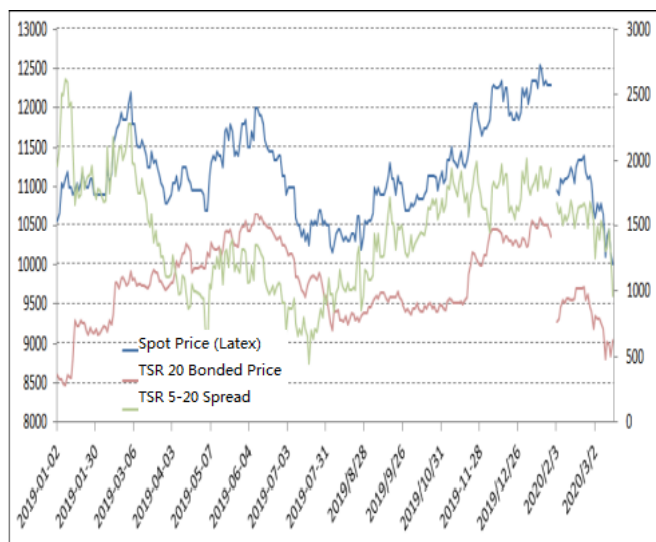


Chart 3-3 Latex and TSR20

Source: Wind, Compiled by Founder Cifco

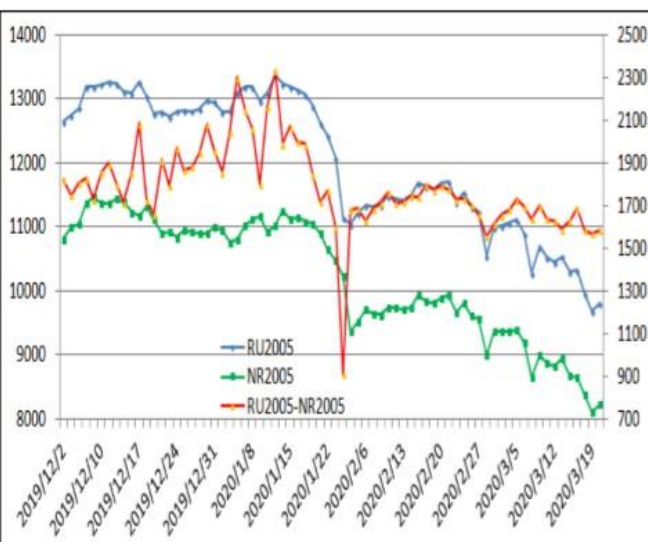


Chart 3-4 Spread of RU and NR

Source: SHFE, Compiled by Founder Cifco

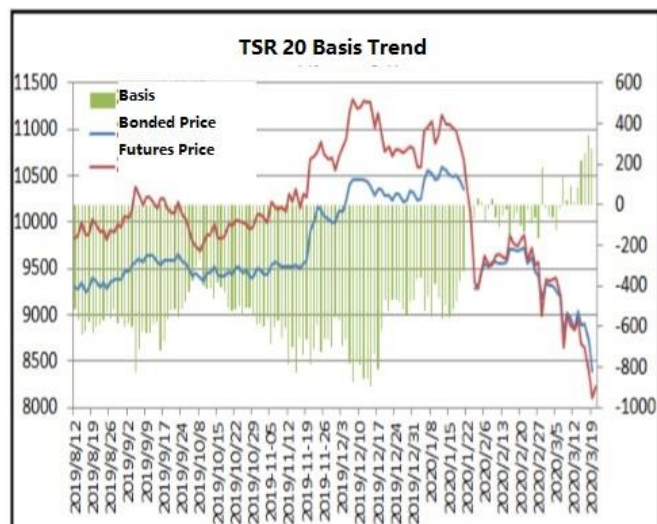


Chart 3-5 TSR 20 Basis Trend

Source: Wind, Compiled by Founder Cifco

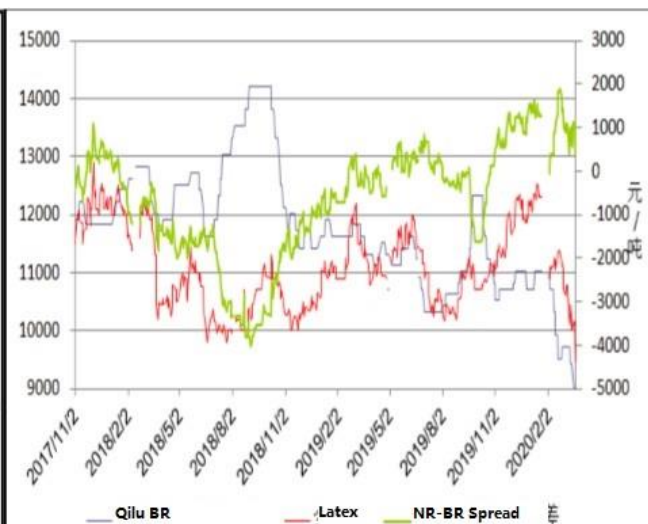


Chart 3-6 BR and Natural Rubber Spread

Source: Wind, Compiled by Founder Cifco

IV. Broker Ranking- Active Contract

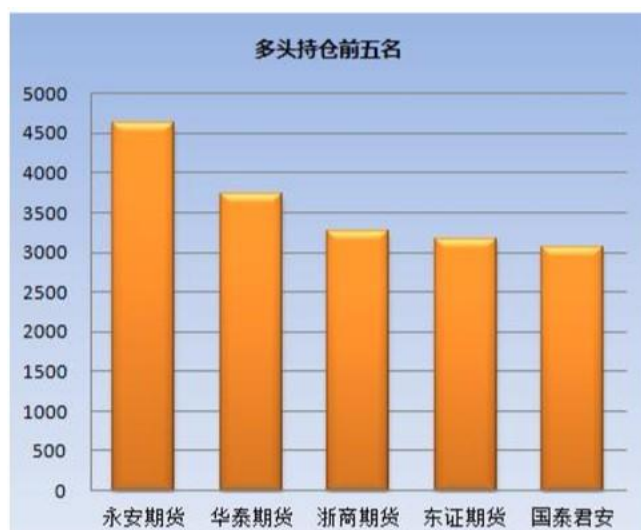


Chart 4-1 Long Positions- Top 5 Brokers

Source: Wind, Compiled by Founder Cifco

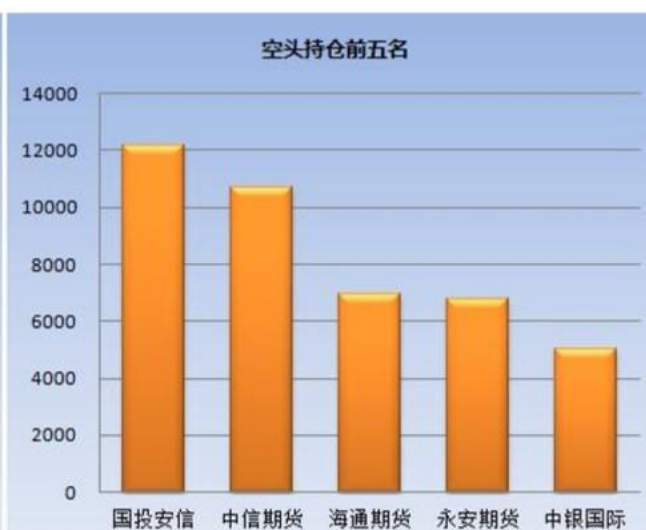


Chart 4-2 Short Positions- Top 5 Brokers

Source: Wind, Compiled by Founder Cifco



Chart 4-3 Long Positions Ratio

Source: Wind, Compiled by Founder Cifco

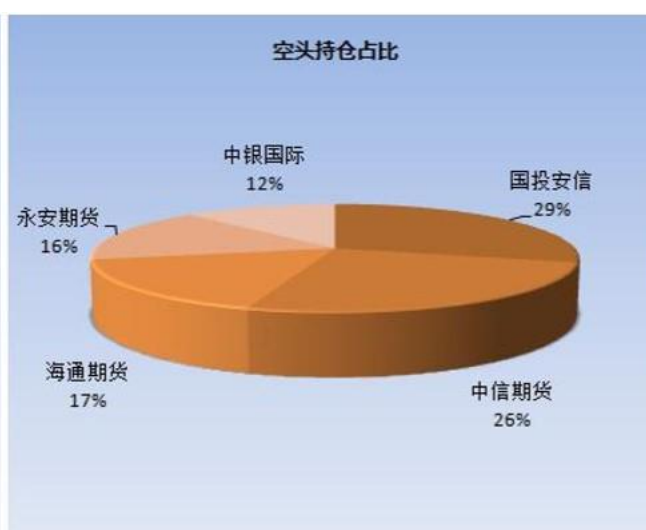


Chart 4-4 Short Positions Ratio

Source: Wind, Compiled by Founder Cifco

V. Rubber Option Market

SHFE Rubber Option Transaction- Weekly						
	Trading	Change	Positions	Change	Trading PCR	Positions PCR
Call	29242	+1301	28774	-271	-	-
Put	13890	-481	10323	-531	-	-

Rubber Option	43132	+820	39097	-802	47.50	35.88%
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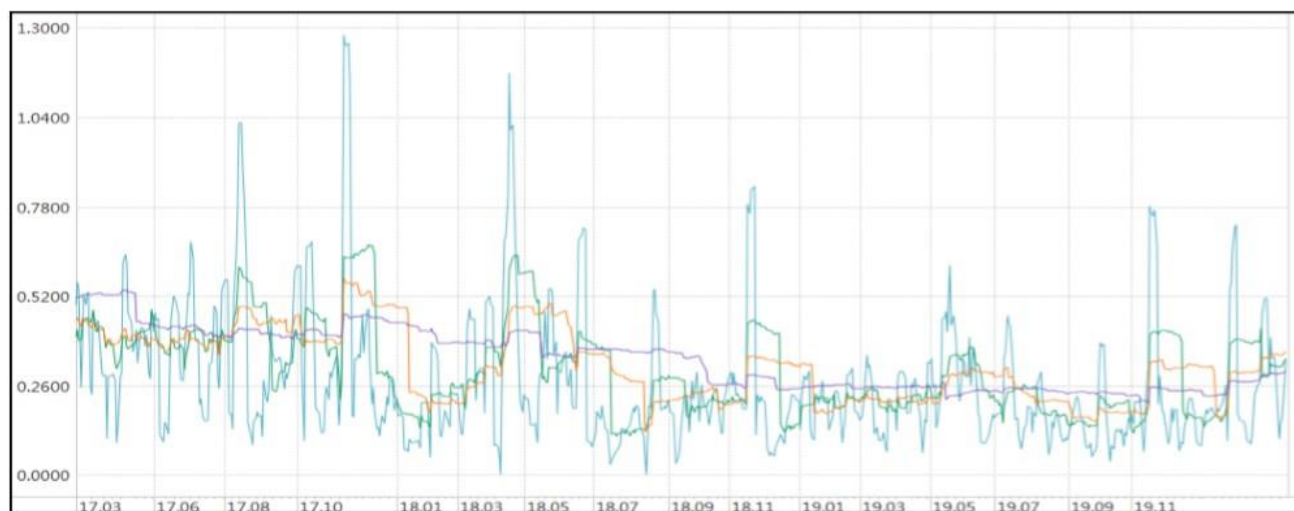


Chart 5-1 Volatility of SHFE Rubber

Source: Wind, Compiled by Founder Cifco

VI. Related Equities

Ticker Symbol	Company	Products	Change (%)	Price
601118	China Hainan Rubber Industry	Natural Rubber	-1.42	4.85
600500	Sino-Chem International	Natural Rubber, Chemicals	0.00	5.30

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