

TSR 20 Weekly Report:

SHFE Rubber Consolidated and Demand Recovered Slow

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Market Review and Trading Advice

SHFE RU consolidated and Friday's correction urged the price to bounce back. Although auto production and sales achieved more than last year, factors such as tire export's causing lower operation rate than previous years have not priced in. Lack in demand is what leads to long term bearish. Globally, COVID-19 has still not yet containable, and it may take a long time for the economy to recover. Rubber price oscillation is possible to continue, but position should be short with caution.

Content

I. Market Review.....	2
II. Highlights.....	2
III. Spread and Basis.....	4
IV. Broker Ranking- Active Contract.....	5
V. Rubber Option Market.....	6
VI. Related Equities.....	7

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										
nr2006	8440	8460	8400	8400	-40	1306	-44	8440	74	624.56
nr2007	8600	8630	8395	8415	-130	1806	-264	8490	646	5487.62
nr2008	8720	8755	8505	8525	-170	11562	257	8670	1564	13564.97
nr2009	8805	8865	8625	8640	-175	17451	742	8750	5292	46321.35
nr2010	8935	9015	8620	8750	-165	382	12	8845	145	1282.64
nr2011	8900	8900	8900	8900	-200	51	30	8900	30	267.00
nr2012	9000	9000	9000	9000	-260	24	20	9000	20	180.00
nr2101	9295	9340	9105	9105	-95	85	15	9165	22	201.63
nr2102	--	--	--	8665	-60	1	0	8665	0	--
nr2103	--	--	--	9715	--	36	0	9715	0	--
nrSubtotal		9340	8395			32704	768		7793	67929.76
Total		--	--			192389	3770		367435	10133780.53

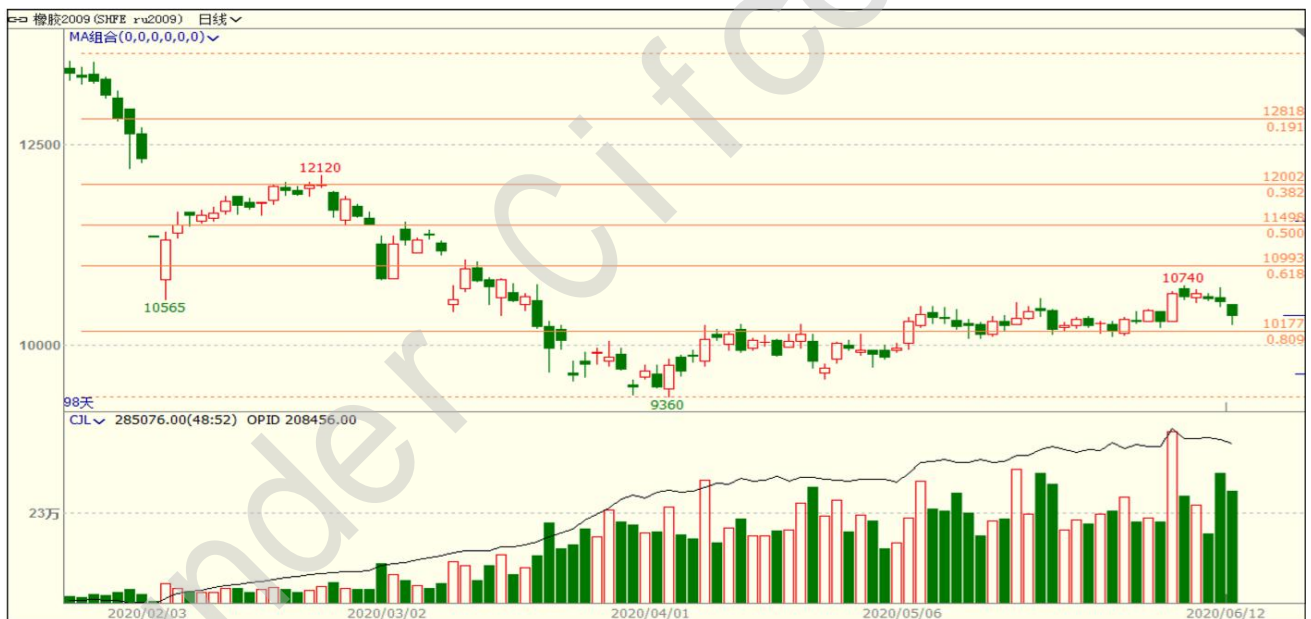


Chart 1-1 SHFE Rubber Active Contract Trend Analysis

Source: Wenhua, Founder Cifco

II. Highlights

Domestic Automobile Production and Sales Increased year-on-year

According to the latest data released by the China Automobile Association, domestic automobile production and sales in May reached 2.187 million and 2.194 million, respectively, a month-on-month increase of 4.0% and 5.9%, and a year-on-year increase of 18.2% and 14.5%. From January to May, automobile production and sales totaled 7.787 million units and 7.957 million units, a year-on-year decrease of 24.1% and 22.6%. the decline was narrowed by 9.3 percentage points and 8.5 percentage points respectively compared with January-April.

Natural Rubber Imports Continued Declining year-on-year in May

The General Administration of Customs announced that in May 2020, China's imports of natural and synthetic rubber (including latex) were 441,000 tons, down 13% year-on-year. From January to May 2020, China's total imports of natural rubber and synthetic rubber were 2.598 million tons, a decrease of 1.4% year-on-year..

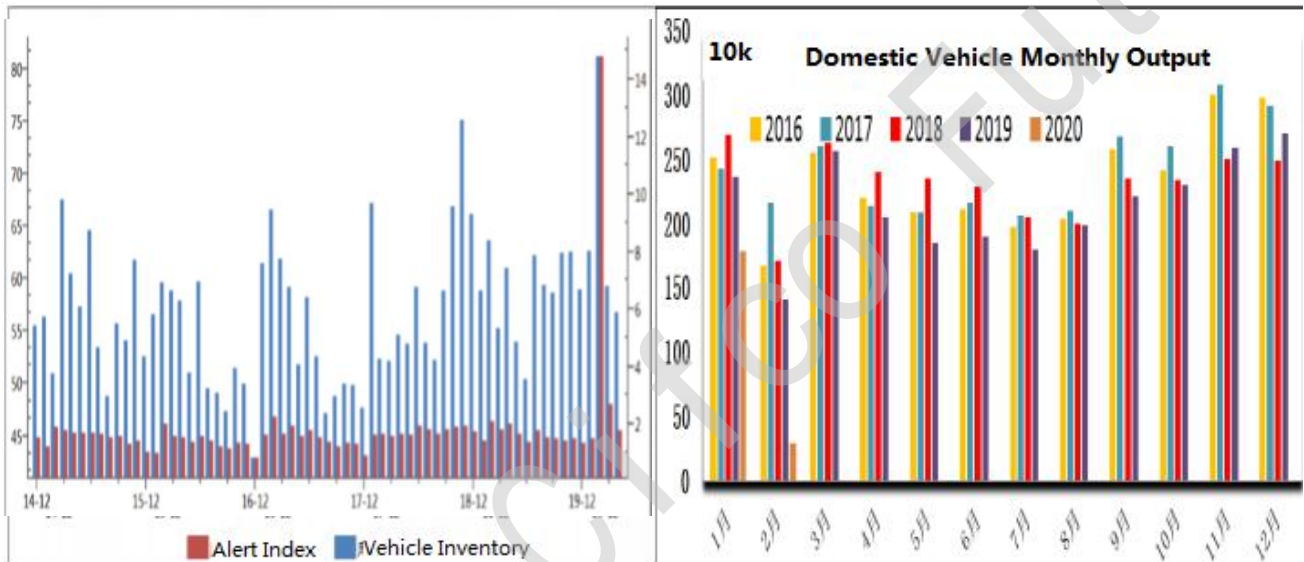


Chart 2-1 Domestic Vehicle Inventory and Alert Index

Source: Wind, Compiled by Founder Cifco

Chart 2-2 Domestic Vehicle Monthly Output

Source: CAAM, Compiled by Founder Cifco

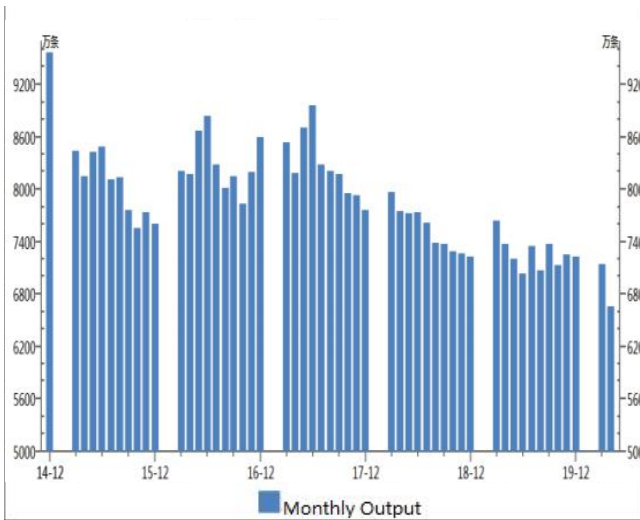


Chart 2-3 Rubber Tire Monthly Output

Source: Wind, Compiled by Founder Cifco

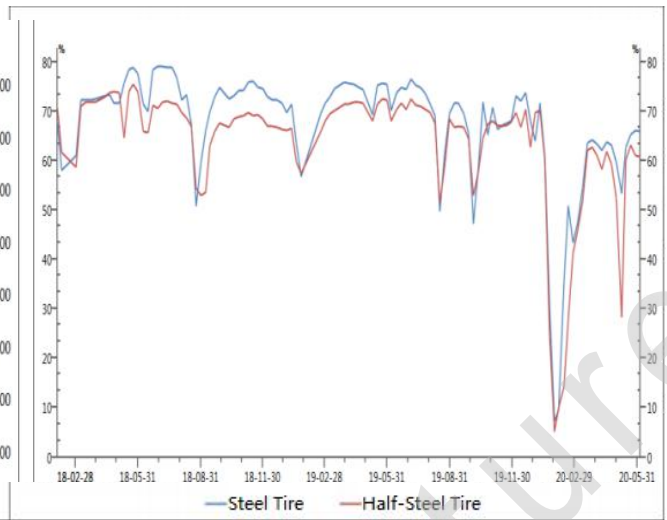


Chart 2-4 Steel Tire Operation Rate (Daily)

Source: Wind, Compiled by Founder Cifco

III. Spread and Basis

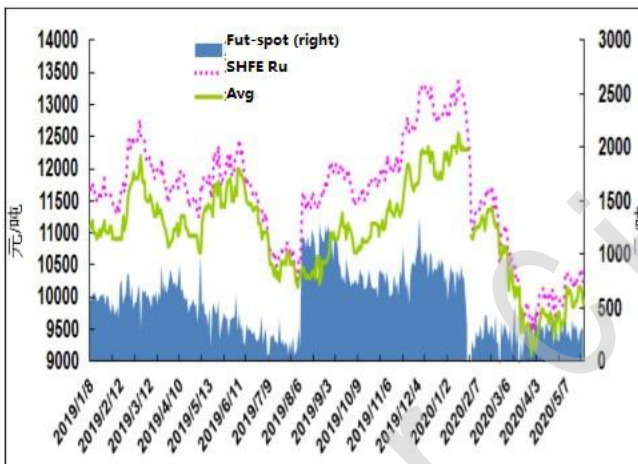


Chart 3-1 Domestic Rubber Trend

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

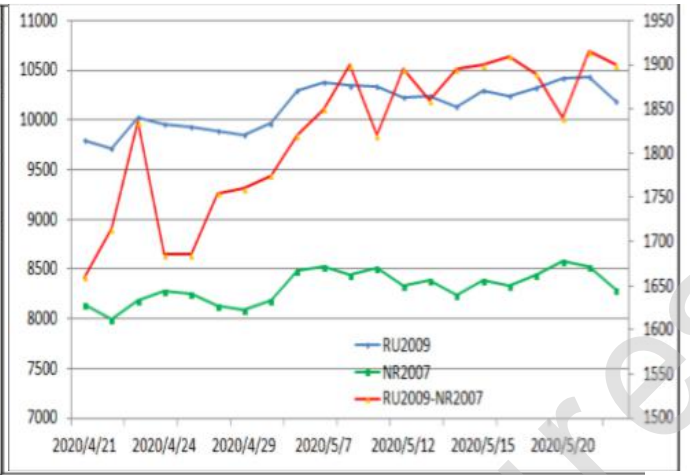


Chart 3-4 Spread of RU and NR

Source: SHFE, Compiled by Founder Cifco

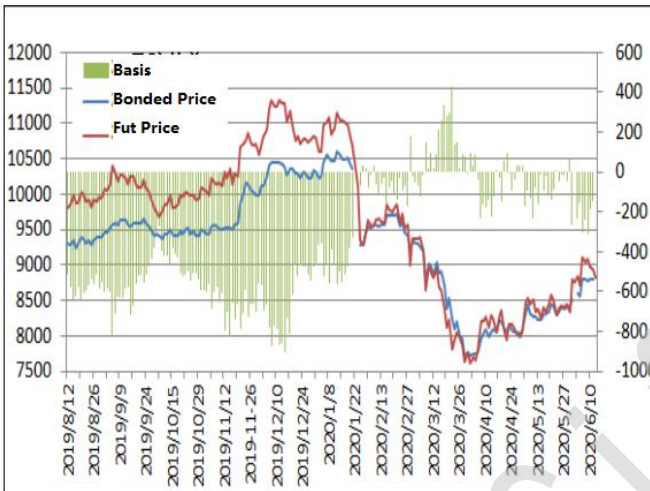


Chart 3-5 TSR 20 Basis Trend

Source: Wind, Compiled by Founder Cifco

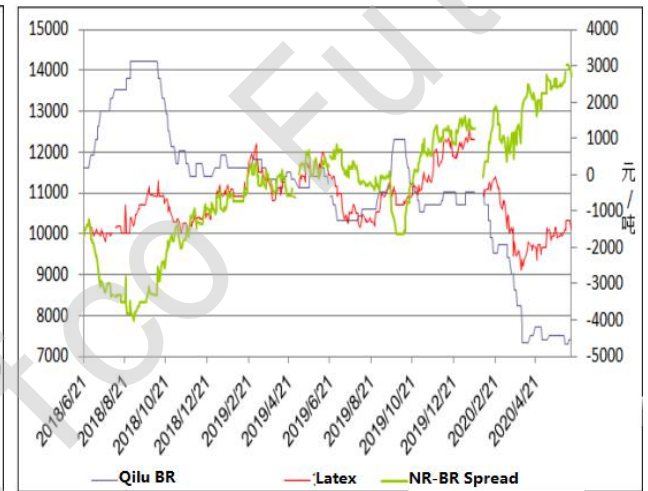


Chart 3-6 BR and Natural Rubber Spread

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

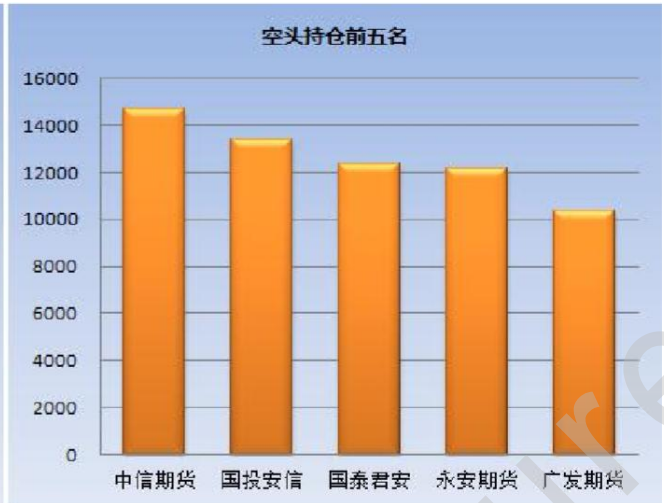


Chart 4-2 Short Positions- Top 5 Brokers

Source: Wind, Compiled by Founder Cifco

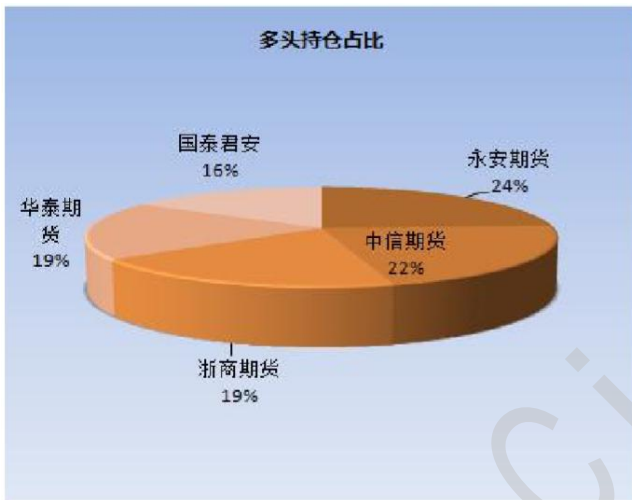


Chart 4-3 Long Positions Ratio

Source: Wind, Compiled by Founder Cifco

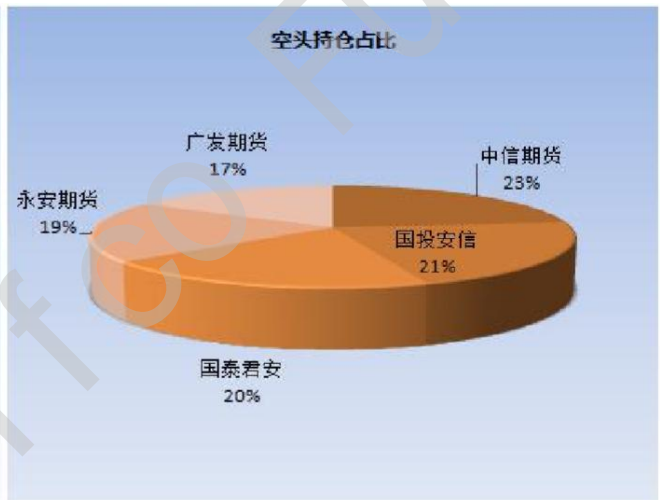


Chart 4-4 Short Positions Ratio

Source: Wind, Compiled by Founder Cifco

V. Rubber Option Market

SHFE Rubber Option Transaction- Weekly						
	Turnover	Change	Positions	Change	Trading PCR	Positions PCR
Call	15807	553	20005	-190	-	-
Put	5621	826	7387	159	-	-
Rubber Option	21428	1165	27392	184	35.56%	36.93%



Chart 5-1 Volatility of SHFE Rubber

Source: Wind, Compiled by Founder Cifco

The current price is volatile around 10,000 and hardly anticipates a breakthrough. Investors could consider shorting put option with strike price at support level (e.g. 1000yuan).

VI. Related Equities

Ticker Symbol	Company	Products	Change (%)	Price
601118	China Hainan Rubber Industry	Natural Rubber	3.25	5.08
600500	Sino-Chem International	Natural Rubber, Chemicals	-4.15	5.08

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