

October 9, 2023

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

| Commodity/Index | Expiry   | Action | Entry       | Target | Stop Loss | Time Frame |
|-----------------|----------|--------|-------------|--------|-----------|------------|
| Gold Mini       | November | Buy    | 56900-56920 | 57450  | 56700     | Intraday   |
| USDINR          | October  | Sell   | 83.28-83.30 | 83.00  | 83.45     | Intraday   |

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## News and Developments

- Gold prices reversed its losses and ended the day on a positive note amid softness in the dollar. The dollar index retreated from its day's high after data showed US wage growth moderated in August. But better than expected US job growth numbers has supported the US treasury yields to rise towards 16-year highs.
- Last month US Non-Farm payroll numbers has increased by 336k against the forecast of 171k, where as unemployment rate remained steady at 3.8%. On the other hand wage growth numbers dipped to 4.2% against previous record of 4.3%.
- The US 10 year treasury yields remained near its 16-year highs on Friday after improved US job numbers. The increasing probability of higher rates for longer period has pushed the yields higher
- NYMEX Crude oil futures edged higher on Friday after declining more than 8% last week. The announcement of partial withdraw of diesel exports by Russia weighed on the crude oil prices. Meanwhile, fall in US oil rig counts to 497 last week lowest since February 2022 has provided some support to the NYMEX crude to settle above \$82.50 mark.
- Copper prices gained more than 1% on Friday amid softness in the dollar. Further, reopening of the top metal consumer China after week long holiday also supported the recovery in the metal.
- NYMEX Natural gas rallied more than 4% on Friday amid outlook for colder US temperature that would boost heating demand for natural gas.

## Price Performance

| Commodity     | LTP (₹) | Change | LTP (\$) | Change |
|---------------|---------|--------|----------|--------|
| Gold          | 56871   | 1.27%  | 1833.01  | 0.70%  |
| Silver        | 68170   | 2.10%  | 21.60    | 3.00%  |
| Copper        | 709.1   | 1.21%  | 8046.00  | 1.86%  |
| Aluminium     | 207.3   | 0.31%  | 2239.50  | 0.34%  |
| Zinc          | 224.8   | 0.83%  | 2509.00  | 1.31%  |
| Lead          | 187.2   | 0.16%  | 2143.50  | 0.37%  |
| WTI Crude Oil | 6875    | -0.65% | 82.79    | 0.58%  |
| US Nat Gas    | 275.9   | 3.80%  | 3.34     | 5.43%  |

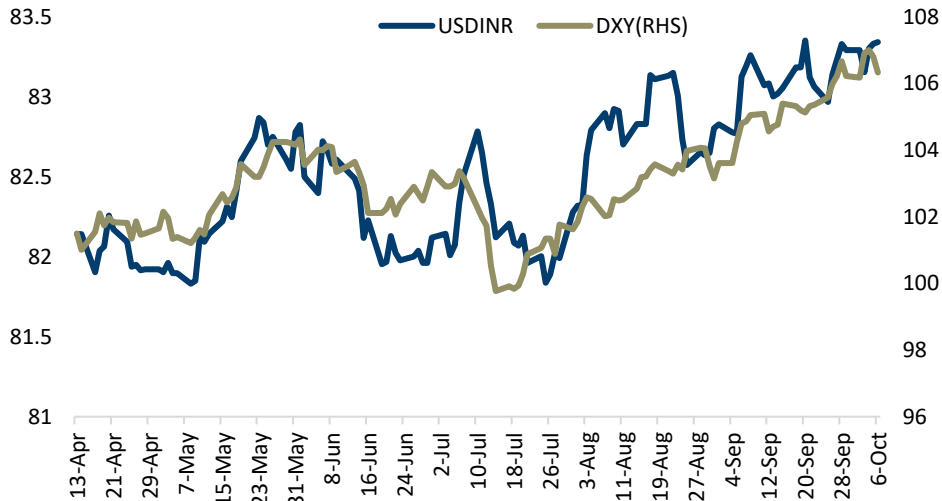
## Domestic Currencies

| Futures           | Close  | % Change | Open Interest | Change in OI | Volume  | Change in Vol |
|-------------------|--------|----------|---------------|--------------|---------|---------------|
| USDINR (27th Oct) | 83.28  | -0.07%   | 5300150       | 211273       | 1767111 | -434864       |
| EURINR (27th oct) | 87.98  | 0.28%    | 125493        | -14938       | 123286  | 7647          |
| GBPINR (27th Oct) | 101.69 | 0.50%    | 190145        | -11624       | 161759  | 15338         |

## Daily Strategy Follow-up

| Commodity/Index | Expiry  | Action | Entry       | Target | Stoploss | Comment            |
|-----------------|---------|--------|-------------|--------|----------|--------------------|
| Copper          | October | Sell   | 700-701     | 692    | 705      | Stoploss triggered |
| EURINR          | October | Buy    | 87.68-87.70 | 88.1   | 87.5     | Not Initiated      |

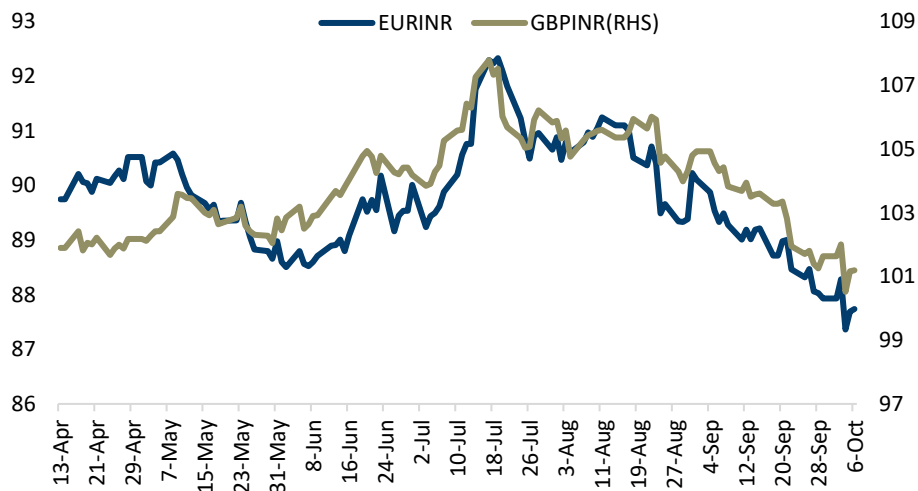
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended flat on Friday ahead of job data from US which would help to determine interest rate outlook. Additionally, Reserve bank of India kept its benchmark interest rate unchanged
- Rupee is expected to appreciate today amid correction in dollar after unemployment rate and average hourly earnings underwhelmed. Data showed moderation in wages and unemployment rate remained unchanged at 18<sup>th</sup> month high. Meanwhile, rise in crude oil prices and risk aversion in the global markets may limit further gains in pair. Market sentiments are hurt on rising conflict between Palestine and Israel. USDINR is likely to slip back towards 83.00 levels as long as it sustains below 83.30 levels

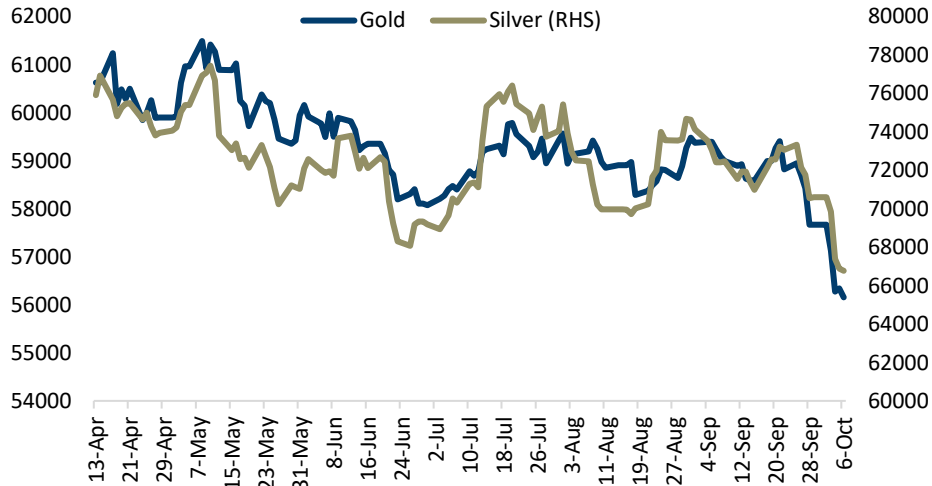
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro ended on positive note amid weakness in US dollar. Further, stronger than expected German factory orders and hawkish comments from ECB official Schnabel supported single currency. For today, EURUSD is likely to rise further towards 1.0610 levels as long as it remains above 1.0530 levels amid further correction in dollar, hawkish comments from ECB officials and expectation of improved economic data from euro zone. EURINR may move north towards 88.20 level as long as it stays above support level of 87.70 levels
- Pound is expected to rise towards 1.2280 level amid correction in dollar. Meanwhile, sharp upside may be capped as global market sentiments are hurt on escalating military conflict in the middle east. GBPINR is likely to rise towards 102.00 level as long as it trades above 101.30 level.

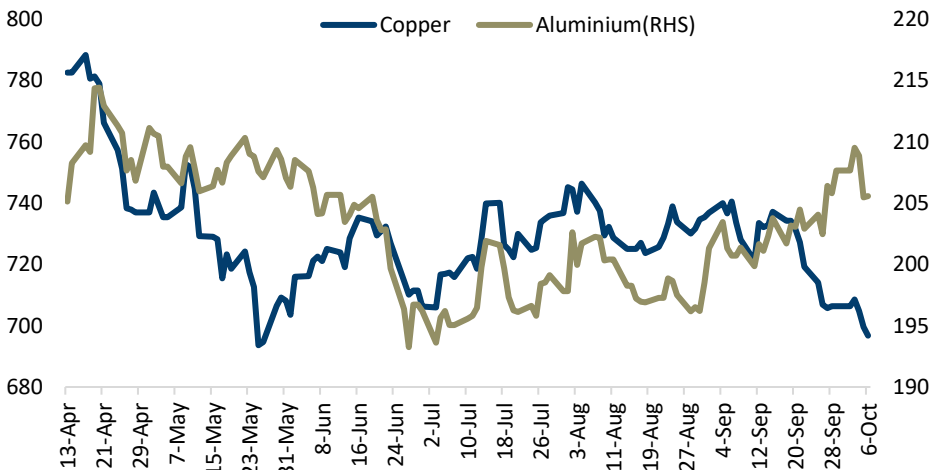
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to move higher towards \$1860 amid ongoing conflict between Israel and Gaza. The safe-haven buying in the metal during the geo-political turmoil would support the bullions to trade firm. Meanwhile, US bank holiday on Monday could soak the volatility towards the second half of the day.
- MCX Gold prices is likely to rise towards 57400 as long as it holds the key support 56800. Only a move above 57400 would open the doors towards 57,600 level.
- MCX Silver is expected follow the yellow metal and likely to rise towards 69500, as long as it holds above 67500 level. Above 69500, 70200 would act as major resistance for price

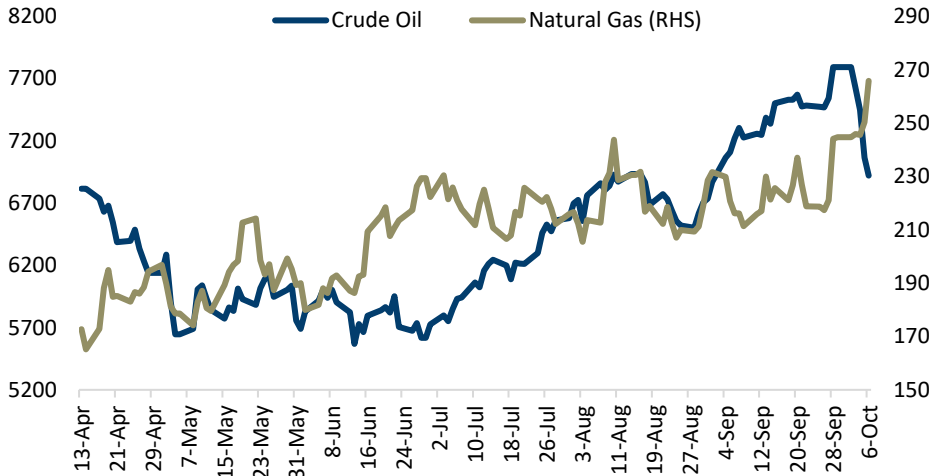
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade higher amid expectation of increase in demand from China. The opening of the Chinese markets after the week long holiday could bring back the buyers back to the action. Meanwhile, the upside in the metal could be capped due to higher inventory levels at LME registered warehouses.
- MCX Copper is expected to find support near 700 and move higher towards 710. Above 710, it would extend its gains towards 714.
- MCX aluminium is expected to hold support near 204.50 and move north towards 208.50 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to move higher towards \$89 amid increasing geopolitical risk in the Middle East. The surprise attack by Hamas on Israel over the weekend has started the conflict in the Middle East. Meanwhile, commitment from key OPEC nations to voluntary adjustments amid the ongoing tussle could limit more upside in oil price.
- MCX Crude oil is likely to move towards 7300 level as long as it sustains above 7000 levels
- MCX Natural gas is expected to find support near 270 and extend its gains towards 284 level amid forecast of cool weather in US over the next 10 days.

## Daily Commodity Pivot Levels

| Commodity | S2    | S1    | Pivot | R1    | R2    |
|-----------|-------|-------|-------|-------|-------|
| Gold      | 56245 | 56558 | 56734 | 57047 | 57223 |
| Silver    | 66013 | 67091 | 67693 | 68771 | 69373 |
| Copper    | 696.0 | 702.5 | 706.6 | 713.1 | 717.2 |
| Aluminium | 205.6 | 206.4 | 207.2 | 208.0 | 208.8 |
| Zinc      | 221.5 | 223.1 | 224.3 | 225.9 | 227.1 |
| Lead      | 185.6 | 186.4 | 187.3 | 188.1 | 189.0 |
| Crude Oil | 6750  | 6812  | 6875  | 6937  | 7000  |
| Nat Gas   | 259   | 268   | 272   | 280   | 285   |

## Daily Currency Pivot Levels

| Futures       | S2     | S1     | Pivot  | R1     | R2     |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Oct) | 83.21  | 83.25  | 83.29  | 83.32  | 83.37  |
| US\$INR (Nov) | 83.34  | 83.37  | 83.41  | 83.45  | 83.49  |
| EURINR (Oct)  | 87.73  | 87.85  | 87.96  | 88.08  | 88.19  |
| EURINR (Nov)  | 87.94  | 88.07  | 88.17  | 88.30  | 88.40  |
| GBPINR (Oct)  | 101.23 | 101.46 | 101.63 | 101.86 | 102.02 |
| GBPINR (Nov)  | 101.39 | 101.62 | 101.78 | 102.01 | 102.17 |
| JPYINR (Oct)  | 55.94  | 56.02  | 56.16  | 56.24  | 56.38  |
| JPYINR (Nov)  | 56.31  | 56.38  | 56.51  | 56.59  | 56.72  |

## Major Currency Pairs

| Currencies | Close  | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY        | 106.04 | 106.33     | -0.27%   |
| US\$INR    | 83.25  | 83.26      | -0.01%   |
| EURUSD     | 1.0586 | 1.0550     | 0.34%    |
| EURINR     | 87.84  | 87.49      | 0.39%    |
| GBPUSD     | 1.2237 | 1.2192     | 0.37%    |
| GBPINR     | 101.59 | 100.94     | 0.65%    |

## 10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change |
|---------|-------|------------|--------|
| India   | 7.344 | 7.215      | 0.129  |
| US      | 4.801 | 4.719      | 0.0824 |
| Germany | 2.884 | 2.878      | 0.006  |
| UK      | 4.573 | 4.542      | 0.031  |
| Japan   | 0.805 | 0.812      | -0.007 |

## US Crude Stocks Change (Barrels)

| Release Date | Time (IST) | Actual | Forecast |
|--------------|------------|--------|----------|
| 10/4/2023    | 8:00 PM    | -2.2M  | -0.1M    |
| 9/27/2023    | 8:00 PM    | -2.2M  | -0.7M    |
| 9/20/2023    | 8:00 PM    | -2.1M  | -1.3M    |
| 9/13/2023    | 8:00 PM    | 4.0M   | -2.2M    |
| 9/7/2023     | 8:30 PM    | -6.3M  | -2.06M   |
| 8/30/2023    | 8:00 PM    | -10.6M | -2.2M    |
| 8/23/2023    | 8:00 PM    | -6.1M  | -2.9M    |

## LME Warehouse Stocks (Tonnes)

| Commodity | Current Stock | Change in Stock | % Change |
|-----------|---------------|-----------------|----------|
| Copper    | 170175        | 275             | 0.16%    |
| Aluminium | 497650        | -3200           | -0.64%   |
| Zinc      | 94375         | -1600           | -1.67%   |
| Lead      | 84600         | 1000            | 1.20%    |
| Nickel    | 43134         | 750             | 1.77%    |

| Date & Time (IST)           | Country | Data & Events                     | Actual | Expected | Previous | Impact |
|-----------------------------|---------|-----------------------------------|--------|----------|----------|--------|
| Monday, October 09, 2023    |         |                                   |        |          |          |        |
| 11:30 AM                    | Europe  | German Industrial Production m/m  | -      | -0.1%    | -0.8%    | Medium |
| Tuesday, October 10, 2023   |         |                                   |        |          |          |        |
| 1:30 PM                     | Europe  | Italian Industrial Production m/m | -      | -0.5%    | -0.7%    | Medium |
| 10:30 PM                    | US      | FOMC Member Waller Speaks         | -      | -        | -        | Medium |
| Wednesday, October 11, 2023 |         |                                   |        |          |          |        |
| 6:00 PM                     | US      | Core PPI m/m                      | -      | 0.2%     | 0.2%     | High   |
| 6:00 PM                     | US      | PPI m/m                           | -      | 0.3%     | 0.7%     | High   |
| 11:30 PM                    | US      | FOMC Meeting Minutes              | -      | -        | -        | High   |
| Thursday, October 12, 2023  |         |                                   |        |          |          |        |
| 11:30 AM                    | UK      | GDP m/m                           | -      | 0.2%     | -0.5%    | High   |
| 5:30 PM                     | India   | CPI y/y                           | -      | 5.45%    | 6.83%    | High   |
| 6:00 PM                     | US      | CPI y/y                           | -      | 3.6%     | 3.7%     | High   |
| 6:00 PM                     | US      | Unemployment Claims               | -      | 216K     | 207K     | High   |
| Friday, October 13, 2023    |         |                                   |        |          |          |        |
| 7:00 AM                     | China   | CPI y/y                           | -      | 0.2%     | 0.1%     | High   |
| Tentative                   | China   | Trade Balance                     | -      | 510B     | 488B     | Medium |
| 7:30 PM                     | US      | Prelim UoM Consumer Sentiment     | -      | 67.5     | 68.1     | High   |
| 7:30 PM                     | US      | Prelim UoM Inflation Expectations | -      | -        | 3.2%     | Medium |

Source: Bloomberg, Reuters, ICICI Direct Research



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