

October 18, 2023

## Daily Currency & Commodities Outlook

### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	November	Buy	7140-7150	7300	7050	Intraday
GBP/INR	October	Sell	101.50-101.52	101.10	101.70	Intraday

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## News and Developments

- Gold prices edged higher on Tuesday amid safe haven buying. The persistence of geopolitical tension in Middle East continued to provide support to the precious metal. Further dovish comments from the Richmond Fed President Barkin also supported the metals to settle higher. Meanwhile, rally in US treasury yields has restricted the upside in the bullions.
- The 10-year US treasury yields gained by 12 bps to 4.83 after better than expected US retail sales numbers supported the higher for longer interest rate outlook. US retail sales numbers rose by 0.7% in last month despite higher interest rates.
- The CME Fed-watch told indicates more than 93% probability of Fed leaving rates unchanged in the November meeting.
- NYMEX crude oil prices remained in a tight range as the diplomatic efforts from US weighed up against the broader escalation of the geopolitical risk in the Middle east. Meanwhile, drop in US API inventory levels by 4.4M barrels in the previous week provided support to the oil prices to rise towards the \$86 mark.
- Copper prices edged higher amid softness in the dollar, but weaker demand and sluggish growth in China's property market checked its upside. Further higher LME inventories along with strong supplies held prices near its 4-month lows.
- US natural gas futures extended its losses on Tuesday amid forecast of mild temperature in US. Further, higher inventory levels in US also hurt the demand outlook in gas prices. Last week the EIA reported inventories of the fuel stored for winter use stood at 3.53-trillion cubic feet, 4.8% above the five-year average.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59218	0.09%	1923.18	0.16%
Silver	71567	0.75%	22.81	0.86%
Copper	699.1	-0.20%	7970.50	-0.08%
Aluminium	202.1	-0.25%	2177.00	-0.16%
Zinc	218.9	-0.70%	2421.00	-1.02%
Lead	186.0	0.57%	2078.00	0.24%
WTI Crude Oil	7192	-0.65%	86.66	0.00%
US Nat Gas	255.8	-2.29%	3.08	-0.96%

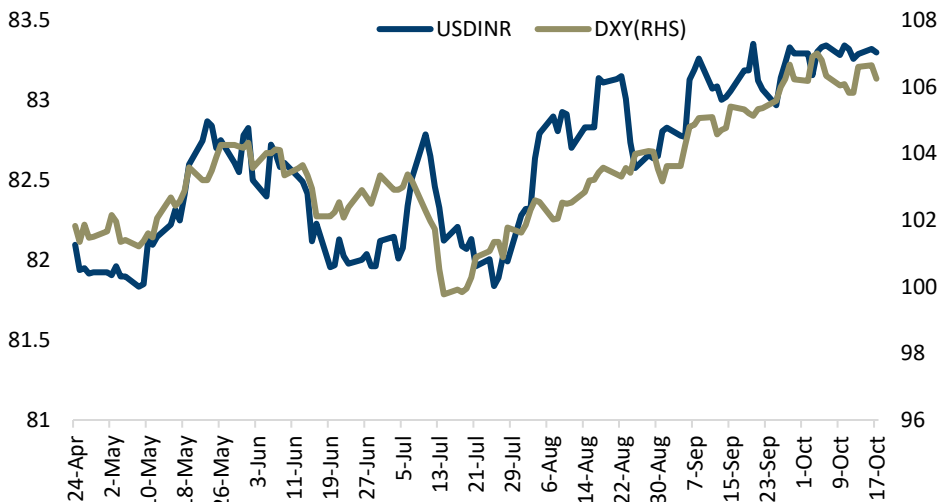
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.26	-0.04%	5894658	-231054	1182310	-210014
EURINR (27th oct)	88.02	0.28%	127756	-6954	166839	54973
GBPINR (27th Oct)	101.36	0.10%	158960	-8772	189546	24673

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	October	Sell	265-266	255	272	Not Initiated
USDINR	October	Sell	83.25-83.26	83.00	83.40	Exit at Cost

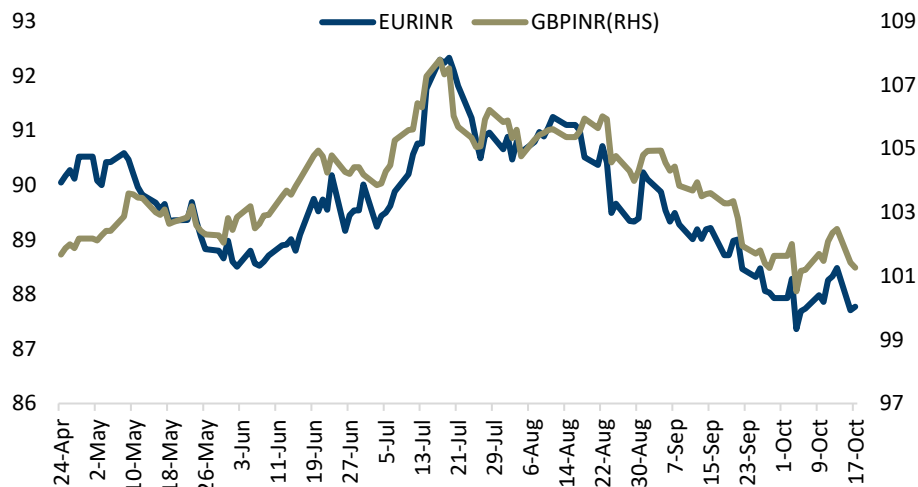
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated marginally yesterday amid improved domestic market sentiments and slightly lower crude oil prices on hopes that US would ease sanctions on Venezuela
- Rupee is expected to depreciate today amid rise in US treasury yields after better than expected economic data from US. Further, rupee may slip on surge in crude oil prices and risk aversion in the global markets. Oil prices are rising on worries about supply disruption from Middle East due to deepening conflict between Hamas and Israel. Additionally, investors will remain cautious ahead of housing data from US and Fed policymakers speeches to get cues on interest rate trajectory. USDINR is likely to rise back towards 83.40 level as long as it sustains above 83.15 levels

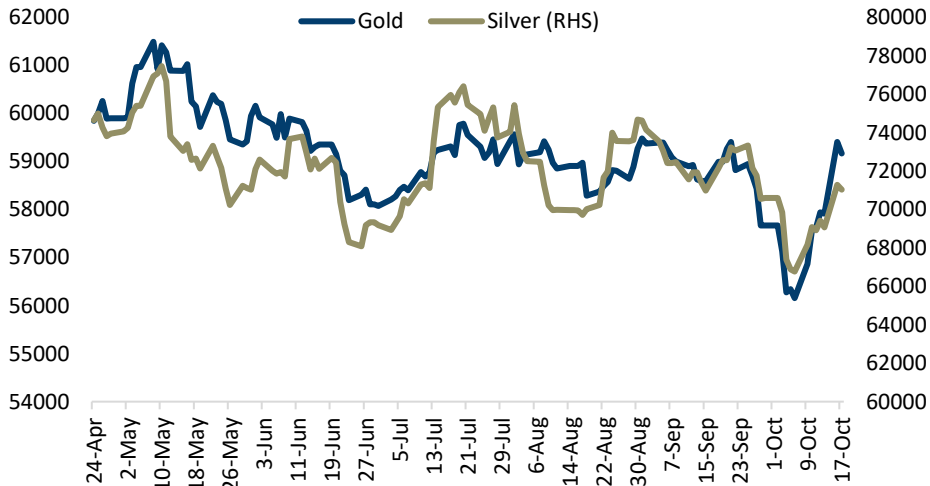
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged recovered all its losses and closed higher on weak dollar and improved economic data from Germany. German ZEW survey expectations of economic growth rose more than expected to 6-month high in October. For today, EURUSD is likely to rise further towards 1.0620 levels as long as it remains above 1.0550 levels amid soft dollar and hawkish comments from ECB Chief economist Lane. Meanwhile, investors will remain vigilant ahead of economic data from region. EURINR may move north towards 88.30 level as long as it stays above support level of 87.80 levels
- Pound is expected to slip towards 1.2120 level as data showed wage growth in UK slowed and job vacancies also declined, boosting chances of BOE holding rates steady. Moreover, CPI data is likely to show that inflation in Britain eased in September. GBPINR is likely to slip towards 100.90 level as long as it trades below 101.70 level.

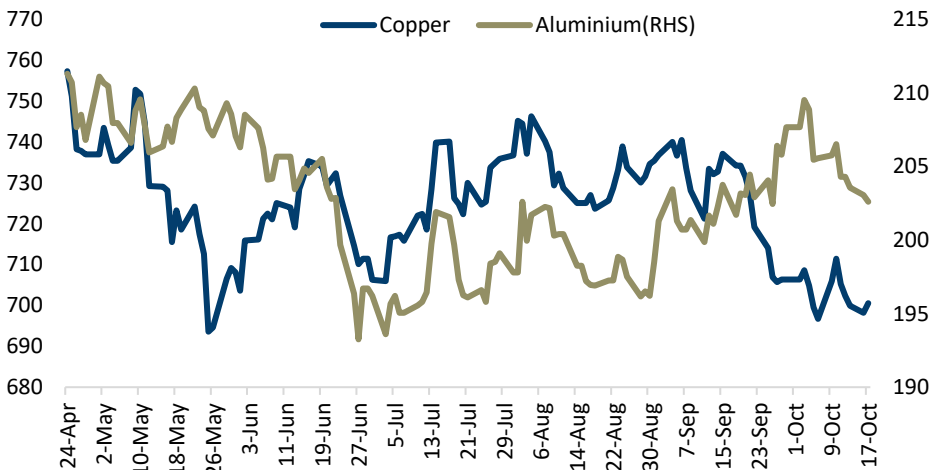
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to rise towards \$1945 amid softness in the dollar and persistence of safe haven buying in the bullions. The ongoing tension between Israel and Gaza would support the bullions to hold its ground above the \$1900 mark. Meanwhile, investors focus will shift towards the slew of Fed officials comments, which may bring more clarity on the future interest rate path.
- MCX Gold prices is likely to rise towards 59500, as long as it holds the support 58800. Only close below 58800, it would weaken towards 58500.
- MCX Silver is expected to hold the support near 70500 and extend its gains towards 72200.

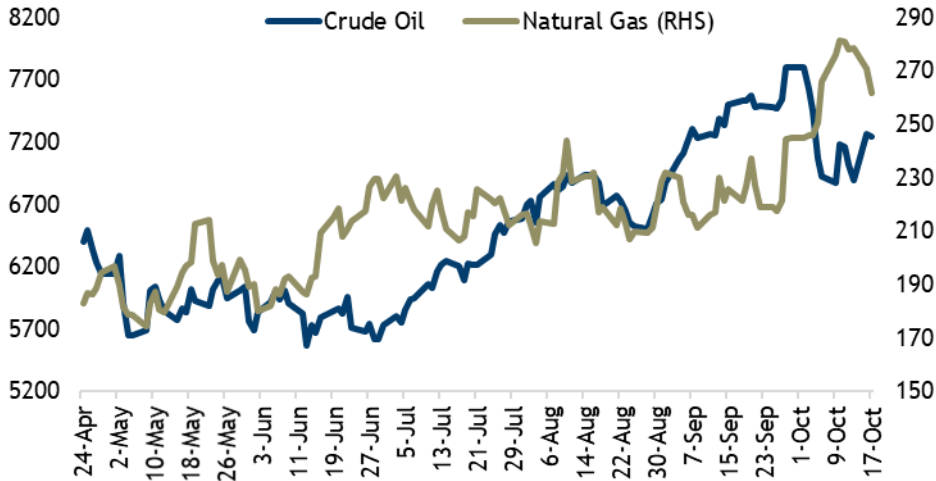
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid a risk-off tone across markets. Further increase in production in South America and higher inventory levels in LME would also weigh on the metal prices. Meanwhile, better than expected economic data from China may provide support to industrial metals. China's GDP grew 4.9% in July-September from the year earlier
- MCX Copper could face the hurdle near 706 and weaken towards 695. Only close below 695, it would slide towards 690. On the flip side a move above 706 would open the upside in the metal towards 711.
- MCX aluminium is expected to hold the support nest 201 and move towards 204 mark.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to hold its ground above the \$85 mark, amid move towards the \$89 mark amid ongoing tension in Middle East and as slew of economic data from China indicated that economy has started to show signs of stabilizing. Further, bigger than expected draw in US crude stocks amid worries about supply disruption would also help the oil prices to remain firm. Meanwhile, increasing probability of sanction relief on Venezuela could prevent oil prices to go beyond the \$89 mark.
- MCX Crude oil November is likely to hold the supports near 7050 and rise towards 7300. Only close below 7050 it would slide towards 6960.
- MCX Natural gas is expected to face the hurdle near 262 and weaken towards 250 amid the forecast of milder US weather.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58754	58986	59232	59464	59710
Silver	69989	70778	71389	72178	72789
Copper	692.5	695.8	698.3	701.6	704.1
Aluminium	200.9	201.5	201.9	202.5	202.8
Zinc	216.4	217.7	218.6	219.8	220.7
Lead	182.2	184.1	186.0	187.9	189.7
Crude Oil	6888	7040	7284	7436	7680
Nat Gas	248	252	257	261	266

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.20	83.23	83.26	83.29	83.31
US\$INR (Nov)	83.30	83.32	83.35	83.37	83.39
EURINR (Oct)	87.67	87.84	87.95	88.13	88.24
EURINR (Nov)	87.88	88.04	88.14	88.30	88.40
GBPINR (Oct)	100.96	101.16	101.39	101.59	101.82
GBPINR (Nov)	101.12	101.31	101.54	101.73	101.96
JPYINR (Oct)	55.54	55.70	55.92	56.08	56.31
JPYINR (Nov)	55.96	56.09	56.27	56.40	56.58

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.25	106.24	0.01%
US\$INR	83.26	83.28	-0.02%
EURUSD	1.0577	1.0560	0.16%
EURINR	87.86	87.70	0.18%
GBPUSD	1.2183	1.2217	-0.28%
GBPINR	101.29	101.15	0.14%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.331	7.334	-0.003
US	4.834	4.706	0.1281
Germany	2.882	2.785	0.097
UK	4.512	4.481	0.031
Japan	0.781	0.761	0.02

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
10/12/2023	8:00 PM	10.2M	-0.4M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	180675	-325	-0.18%
Aluminium	484600	-2000	-0.41%
Zinc	81850	-1600	-1.92%
Lead	105625	9400	9.77%
Nickel	42870	0	0.00%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 16, 2023						
6:00 PM	US	Empire State Manufacturing Index	-4.6	-6.4	1.9	High
Tuesday, October 17, 2023						
11:30 AM	UK	Average Earnings Index 3m/y	8.10%	8.30%	8.50%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-1.1	-9.5	-11.4	Medium
6:00 PM	US	Retail Sales m/m	0.70%	0.30%	0.60%	High
6:45 PM	US	Industrial Production m/m	0.30%	0.00%	0.40%	Medium
Wednesday, October 18, 2023						
7:30 AM	China	Industrial Production y/y	4.50%	4.30%	4.50%	High
7:30 AM	China	GDP q/y	4.90%	4.50%	6.30%	Medium
11:30 AM	UK	CPI y/y	-	6.60%	6.70%	High
6:00 PM	US	Building Permits	-	1.46M	1.54M	Medium
6:00 PM	US	Housing Starts	-	1.38M	1.28M	Medium
Thursday, October 19, 2023						
6:00 PM	US	Unemployment Claims	-	210K	209K	High
6:00 PM	US	Philly Fed Manufacturing Index	-	-6.7	-13.5	Medium
7:30 PM	US	Existing Home Sales	-	3.89M	4.04M	Medium
9:30 PM	US	Fed Chair Powell Speaks	-	-	-	High
Friday, October 20, 2023						
6:45 AM	China	1-y Loan Prime Rate	-	3.45%	3.45%	High
6:45 AM	China	5-y Loan Prime Rate	-	4.20%	4.20%	High
11:30 AM	UK	Retail Sales m/m	-	-0.30%	0.40%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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