

October 23, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

| Commodity/Index | Expiry  | Action | Entry         | Target | Stop Loss | Time Frame |
|-----------------|---------|--------|---------------|--------|-----------|------------|
| Copper          | October | Sell   | 699-700       | 690    | 704       | Intraday   |
| GBP/INR         | October | Buy    | 100.88-100.90 | 101.25 | 100.70    | Intraday   |

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## News and Developments

- Spot gold prices extended its gains on Friday as growing unrest in the Middle East supported the safe haven buying in the precious metals. Further, drop in US dollar index and US treasury yields also strengthened the yellow metal to rise towards \$2000 mark.
- The dollar index dipped towards 106.20 amid the dovish comments from two of the Fed members Philadelphia Fed President Harker and Cleveland Fed President Mester on Friday. Both of the Fed members favored the Fed continuing its pause on rate hikes.
- NYMEX crude oil prices settled above the \$88 mark after almost rallying to the \$90 mark on Friday amid reports that Israel agreed under US pressure to hold off its ground assault in Gaza. However price settled above the \$88 mark amid weaker dollar and concerns that rising tension could disrupt oil supplies in the region.
- Copper prices traded lower on Friday amid persistent concerns over China's property sector. The increasing inventory levels in the LME, which hit the highest level since October 2021 has weighed on the red metal. Copper inventories in LME warehouses jumped to 191925 tons. Further increasing risk-off sentiments in the global market due to the ongoing tension in the Middle East region restricted the upside in the red metals.
- US natural gas futures declined again on Friday amid record output and milder weather in US. Baker Hughes reported Friday that the number of active U.S. natural gas drilling rigs in the week ended October 20 rose by +1 to 118 rigs.

## Price Performance

| Commodity     | LTP (₹) | Change | LTP (\$) | Change |
|---------------|---------|--------|----------|--------|
| Gold          | 60725   | 0.67%  | 1981.40  | 0.35%  |
| Silver        | 71616   | 0.00%  | 23.37    | 1.43%  |
| Copper        | 696.0   | -0.65% | 7948.50  | -0.56% |
| Aluminium     | 202.3   | -0.20% | 2181.50  | -0.16% |
| Zinc          | 218.9   | 0.00%  | 2438.00  | 0.97%  |
| Lead          | 185.8   | -0.05% | 2099.50  | 0.10%  |
| WTI Crude Oil | 7246    | -1.15% | 88.75    | -0.69% |
| US Nat Gas    | 245.8   | 0.00%  | 2.90     | -1.96% |

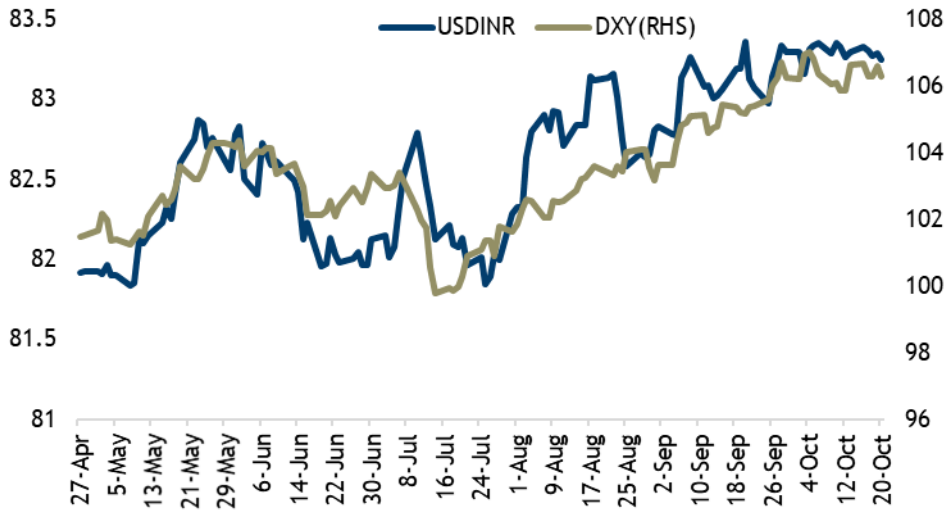
## Domestic Currencies

| Futures           | Close  | % Change | Open Interest | Change in OI | Volume  | Change in Vol |
|-------------------|--------|----------|---------------|--------------|---------|---------------|
| USDINR (27th Oct) | 83.12  | -0.15%   | 5196391       | -188709      | 2353781 | 296129        |
| EURINR (27th oct) | 88.05  | 0.17%    | 123637        | 2286         | 120461  | -36897        |
| GBPINR (27th Oct) | 100.88 | -0.05%   | 157770        | -5052        | 204793  | -24101        |

## Daily Strategy Follow-up

| Commodity/Index | Expiry   | Action | Entry       | Target | Stoploss | Comment       |
|-----------------|----------|--------|-------------|--------|----------|---------------|
| Crude Oil       | November | Buy    | 7260-7270   | 7450   | 7180     | Not Initiated |
| EURINR          | October  | Buy    | 87.95-87.97 | 88.35  | 87.75    | Profit Booked |

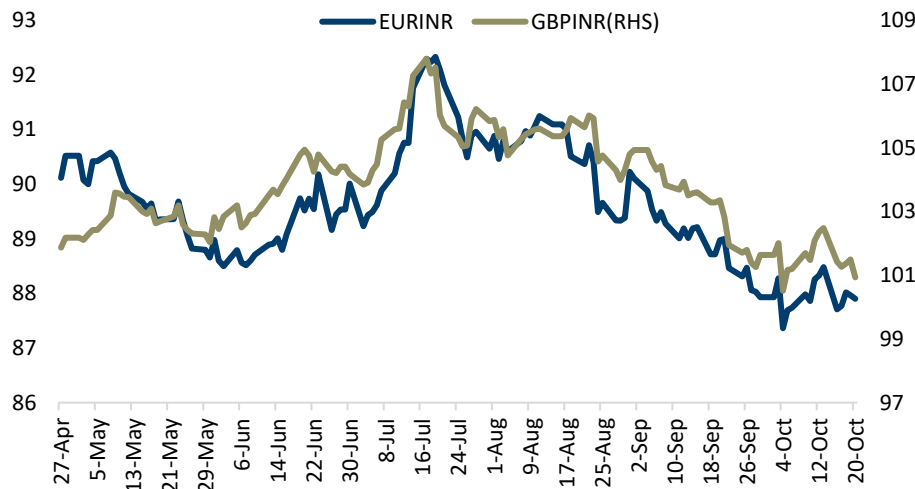
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Friday amid likely dollar sales from central bank. Meanwhile, further gains in rupee was limited due to elevated crude oil prices and risk aversion in the global markets
- Rupee is expected to appreciate today amid weakness in dollar and expectation of correction in US treasury yields from multi year highs. Dollar is losing its steam on dovish statements from Fed officials. Comments from policymakers cemented expectations that Fed will leave its interest rate unchanged in upcoming meeting. However, sharp gains may be prevented on elevated crude oil prices and weak global market sentiments amid risk of wider conflict in Middle East. USDINR is likely to slip back towards 83.00 level as long as it sustains below 83.25 levels

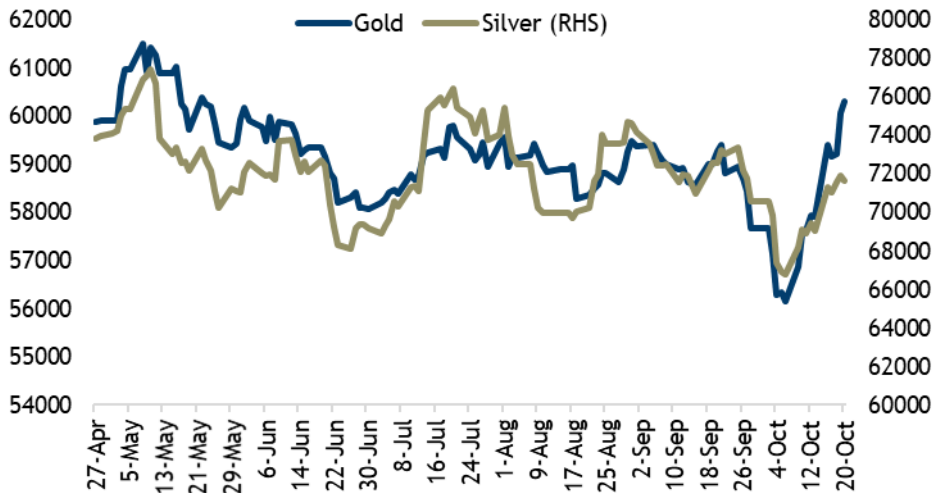
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged higher on Friday amid weak dollar. However, gains were limited as German producer prices fell in September, a dovish factor for ECB policy. For today, EURUSD is likely to rise further towards 1.0620 levels as long as it remains above 1.0550 levels amid soft dollar. However, sharp upside may be capped on risk aversion in the global market and expectation of disappointing economic data from Euro zone. EURINR may move north towards 88.25 level as long as it stays above 87.80 levels
- Pound is expected to rise towards 1.2230 level amid weakness in dollar. Meanwhile, disappointing economic data from Britain reinforced fears about health of economy. GBPINR is likely to rise towards 101.25 level as long as it trades above 100.70 level.

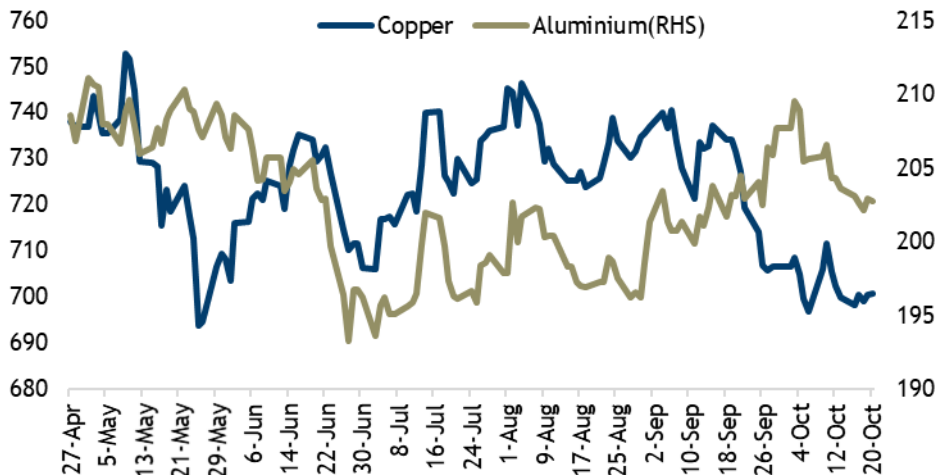
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$1985 mark and move towards the \$1950 mark amid increasing diplomatic efforts to contain a conflict between Israel and Hamas. Meanwhile, softness in the US dollar and US treasury yields could limit the downside in the precious metal.
- MCX Gold prices is likely to face the resistance at 61000 and weaken towards 60000. Only close below 60000, it could slide further towards 59500.
- MCX Silver is expected to weaken towards the key support near 72000, as long as it trades under 73600 mark. Only close below 72000, would open the doors towards 71200.

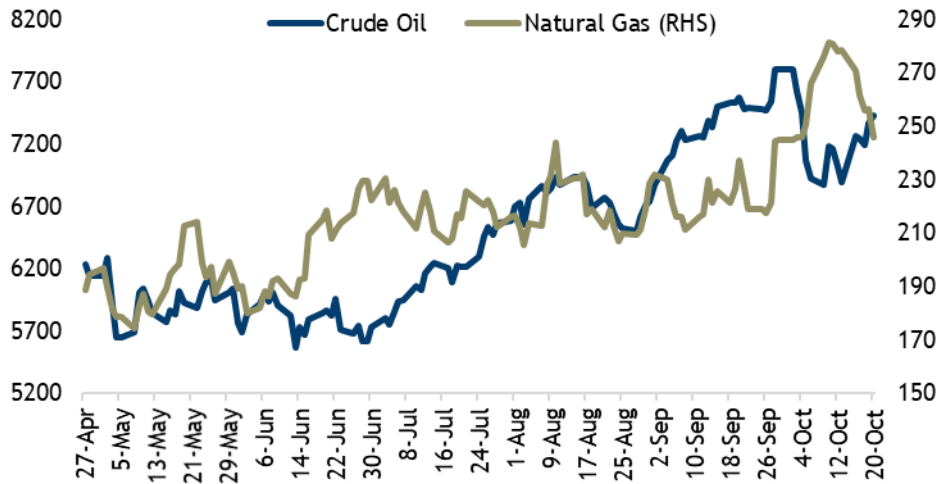
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid higher inventory levels in LME and risk-off tone across markets. Further weak demand from China would also weigh on the metal prices.
- MCX Copper is likely to face the hurdle near 702 and weaken towards 690. A move below 690 would open the doors towards 685 levels.
- MCX aluminium is expected to trade under pressure and move lower towards the 200 mark, as long as it stays under 204

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to take a pause in its rally and move towards \$85 mark amid increasing diplomatic efforts to cool down the conflict between Israel and Hamas. Further, most likely suspension of of sanction on Venezuela would also increase the oil supplies. For now, \$85 holds as major support to the NYMEX crude. Only below this could turn weaker towards the \$83
- MCX Crude oil November is likely to face the hurdle near 7480 and weaken towards 7200. Only close below 7200 it would slip further to 7100.
- MCX Natural gas is expected to face the hurdle near 248 and weaken towards 235 amid mild weather forecast in US.

## Daily Commodity Pivot Levels

| Commodity | S2    | S1    | Pivot | R1    | R2    |
|-----------|-------|-------|-------|-------|-------|
| Gold      | 59910 | 60317 | 60721 | 61128 | 61532 |
| Silver    | 70434 | 71025 | 72312 | 72903 | 74190 |
| Copper    | 691.3 | 693.6 | 696.4 | 698.8 | 701.6 |
| Aluminium | 201.0 | 201.7 | 202.2 | 202.8 | 203.3 |
| Zinc      | 216.2 | 217.5 | 218.8 | 220.1 | 221.4 |
| Lead      | 184.1 | 185.0 | 185.8 | 186.6 | 187.4 |
| Crude Oil | 7148  | 7197  | 7286  | 7335  | 7424  |
| Nat Gas   | 237   | 241   | 244   | 249   | 252   |

## Daily Currency Pivot Levels

| Futures       | S2     | S1     | Pivot  | R1     | R2     |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Oct) | 82.96  | 83.04  | 83.12  | 83.21  | 83.29  |
| US\$INR (Nov) | 83.01  | 83.11  | 83.21  | 83.31  | 83.41  |
| EURINR (Oct)  | 87.71  | 87.88  | 87.99  | 88.16  | 88.27  |
| EURINR (Nov)  | 87.91  | 88.08  | 88.18  | 88.34  | 88.45  |
| GBPINR (Oct)  | 100.34 | 100.61 | 100.82 | 101.09 | 101.31 |
| GBPINR (Nov)  | 100.51 | 100.77 | 100.97 | 101.23 | 101.44 |
| JPYINR (Oct)  | 55.40  | 55.47  | 55.56  | 55.63  | 55.72  |
| JPYINR (Nov)  | 55.78  | 55.85  | 55.93  | 56.00  | 56.09  |

## Major Currency Pairs

| Currencies | Close  | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY        | 106.16 | 106.25     | -0.08%   |
| US\$INR    | 83.12  | 83.24      | -0.14%   |
| EURUSD     | 1.0594 | 1.0582     | 0.11%    |
| EURINR     | 88.02  | 87.78      | 0.27%    |
| GBPUSD     | 1.2164 | 1.2144     | 0.16%    |
| GBPINR     | 100.79 | 100.77     | 0.02%    |

## 10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change  |
|---------|-------|------------|---------|
| India   | 7.363 | 7.372      | -0.009  |
| US      | 4.914 | 4.990      | -0.0761 |
| Germany | 2.889 | 2.931      | -0.042  |
| UK      | 4.651 | 4.673      | -0.022  |
| Japan   | 0.842 | 0.840      | 0.002   |

## US Crude Stocks Change (Barrels)

| Release Date | Time (IST) | Actual | Forecast |
|--------------|------------|--------|----------|
| 10/18/2023   | 8:00 PM    | -4.5M  | -0.5M    |
| 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   |

## LME Warehouse Stocks (Tonnes)

| Commodity | Current Stock | Change in Stock | % Change |
|-----------|---------------|-----------------|----------|
| Copper    | 191925        | 75              | 0.04%    |
| Aluminium | 488450        | -2000           | -0.41%   |
| Zinc      | 78125         | -650            | -0.83%   |
| Lead      | 110675        | 2000            | 1.84%    |
| Nickel    | 43194         | -66             | -0.15%   |

# Economic Calendar

| Date & Time (IST)               | Country | Data & Events                  | Actual | Expected | Previous | Impact |
|---------------------------------|---------|--------------------------------|--------|----------|----------|--------|
| <b>Monday, October 23, 2023</b> |         |                                |        |          |          |        |
| 7:30 PM                         | Europe  | Consumer Confidence            | -      | -18      | -18      | Medium |
| Tuesday, October 24, 2023       |         |                                |        |          |          |        |
| 11:30 AM                        | UK      | Claimant Count Change          | -      | 2.3K     | 0.9K     | High   |
| 12:45 PM                        | Europe  | French Flash Manufacturing PMI | -      | 44.4     | 44.2     | High   |
| 1:00 PM                         | Europe  | German Flash Manufacturing PMI | -      | 40.1     | 39.6     | High   |
| 1:30 PM                         | Europe  | Flash Manufacturing PMI        | -      | 43.6     | 43.4     | Medium |
| 2:00 PM                         | UK      | Flash Manufacturing PMI        | -      | 44.7     | 44.3     | High   |
| 7:15 PM                         | US      | Flash Manufacturing PMI        | -      | 49.5     | 49.8     | High   |
| 7:15 PM                         | US      | Flash Services PMI             | -      | 49.9     | 50.1     | High   |
| 7:30 PM                         | US      | Richmond Manufacturing Index   | -      | 3        | 5        | Medium |
| Wednesday, October 25, 2023     |         |                                |        |          |          |        |
| 1:30 PM                         | Europe  | German ifo Business Climate    | -      | 85.9     | 85.7     | High   |
| 7:30 PM                         | US      | New Home Sales                 | -      | 684K     | 675K     | Medium |
| 8:00 PM                         | US      | Crude Oil Inventories          | -      | -0.5M    | -4.5M    | Medium |
| Thursday, October 26, 2023      |         |                                |        |          |          |        |
| 5:45 PM                         | Europe  | Main Refinancing Rate          | -      | 4.50%    | 4.50%    | High   |
| 6:00 PM                         | US      | Advance GDP q/q                | -      | 4.30%    | 2.10%    | High   |
| 6:00 PM                         | US      | Unemployment Claims            | -      | 209K     | 198K     | High   |
| 6:00 PM                         | US      | Durable Goods Orders m/m       | -      | 1.60%    | 0.10%    | High   |
| 6:15 PM                         | Europe  | ECB Press Conference           | -      | -        | -        | High   |
| 7:30 PM                         | US      | Pending Home Sales m/m         | -      | -1.40%   | -7.10%   | Medium |
| Friday, October 27, 2023        |         |                                |        |          |          |        |
| 6:00 PM                         | US      | Core PCE Price Index m/m       | -      | 0.30%    | 0.10%    | High   |
| 7:30 PM                         | US      | Revised UoM Consumer Sentiment | -      | 63       | 63       | High   |

Source: Bloomberg, Reuters, ICICI Direct Research



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