

December 15, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62100-62120	62550	61800	Intraday
EURINR	December	Buy	91.38-91.40	91.80	91.20	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadam

saif.mukadam@icicisecurities.com

Anup Sahu

anup.sahu@icicisecurities.com

News and Developments

- Gold prices tested its one-week high on Thursday amid weakness in the US dollar index and treasury yields after US Federal reserve signaled an end to its rate hike regime. The dovish comments from the Fed chair helped the spot gold to rise towards \$2045 mark.
- The dollar index tumbled to its 4-month lows yesterday after the Federal reserve signaled rate cut in the coming year. Further, strength in Euro and GBP after both the central banks pushed back against imminent interest rate cuts also weighed on the dollar. The divergence in policy stance has weakened the dollar.
- The 10 year US treasury yields slide below the 3.9% mark and the 2 year US treasury yields also slide towards the 4.32%.
- NYMEX Crude oil futures extend its gains on Thursday amid weakness in the dollar and improved demand forecast for the next year. IEA in its latest report raised the global demand forecast by 1.1M barrels per day in 2024. Additionally, better than expected retails sales number in US and improved risk appetite in the global market supported the oil prices to edge past the \$72 mark
- Copper prices hit the highest level in four months amid weak dollar and expectation of US interest rate cuts next year that would boost the demand prospects of metals. Furthermore, supply disruptions from major producing mines also strengthened the price. Additionally latest announcements from China to relax home purchase restrictions in Beijing and Shanghai has pushed the prices to post its biggest single day gain in a month.
- NYMEX natural gas ticked up yesterday after the weekly inventory data pointed a drawdown of 55B against market expectation of - 60B. Prices recovered from its 6-month lows amid increased gas flow to the LNG export plants.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62454	2.05%	2036.36	0.43%
Silver	75076	4.95%	24.18	1.55%
Copper	727.2	1.88%	8551.50	2.66%
Aluminium	200.5	2.45%	2210.00	3.27%
Zinc	221.8	1.63%	2493.00	2.74%
Lead	184.3	0.68%	2069.00	1.72%
WTI Crude Oil	6017	4.08%	71.58	3.04%
US Nat Gas	196.6	0.15%	2.39	2.44%

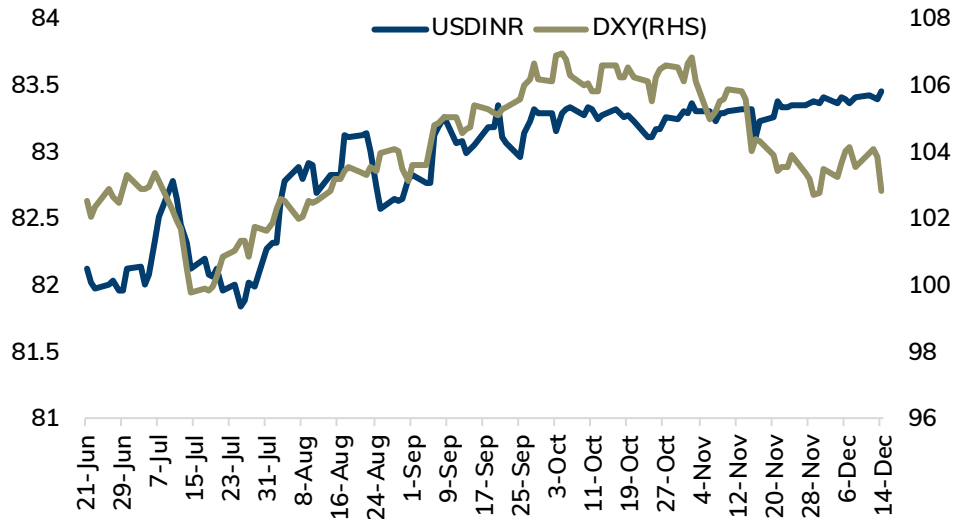
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.34	-0.14%	4149020	-185072	1830226	500588
EURINR (27th Dec)	91.05	1.15%	156878	2248	232929	144229
GBPINR (27th Dec)	105.57	1.06%	219751	17381	248637	76801

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	61800-61850	62600	61500	Not Initiated
USDINR	December	Sell	83.37-83.38	83.20	83.50	Exit in Profit

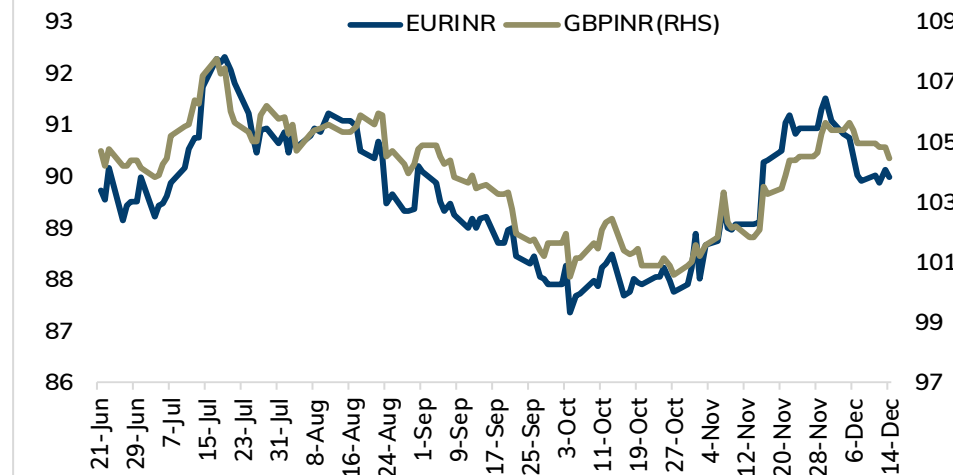
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated yesterday amid weak dollar and decline in US treasury yields after US Federal Reserve signaled rate cuts in 2024. Meanwhile, investors remained cautious ahead of policy decision from BOE and ECB.
- Rupee is likely to appreciate further today amid weakness in dollar and decline in US treasury yields. Dollar slipped near 4 month low on divergence in monetary policy. Fed signaled rate cuts by 75bps next year, while ECB and BOE pushed back against bets on imminent cuts to interest rates and reaffirmed that borrowing cost would remain at record highs. Additionally, rise in risk appetite in global markets and FII inflows would support domestic pair. USDINR may face hurdle near 83.45 level and slip back towards 83.25 levels

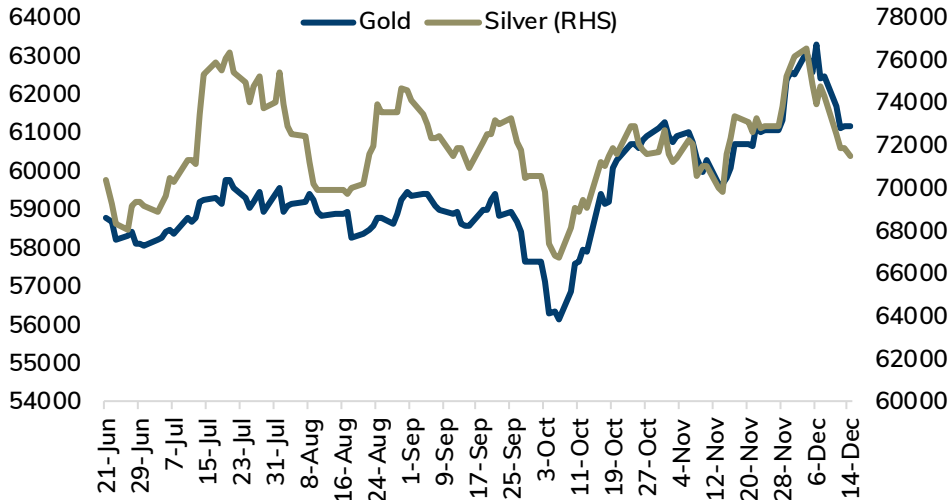
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained more than 1% yesterday amid weak dollar and as ECB kept its policy rate steady. Further, euro rallied on hawkish comments from ECB President Lagarde, she said policymakers did not discuss interest rate cuts at meeting. For today, EURUSD is likely to edged higher towards 1.1050 levels as long as it stays above 1.0950 levels amid soft dollar and rise in risk appetite in the global markets. Further, ECB pushed back bets on interest rate cut by reaffirming that borrowing costs would remain at record highs. EURINR may rise towards 91.80 level as long as it trades above 91.20 levels
- Pound is likely to rise towards 1.2820 level amid weak dollar, optimistic global market sentiments and forecast for improved economic data from Britain. Further, BOE kept its policy rate unchanged and said rates needed to stay high for an extended period, pushing back early rate cut expectations. GBPINR is likely to move north towards 106.80 level as long as it stays above 105.90 levels

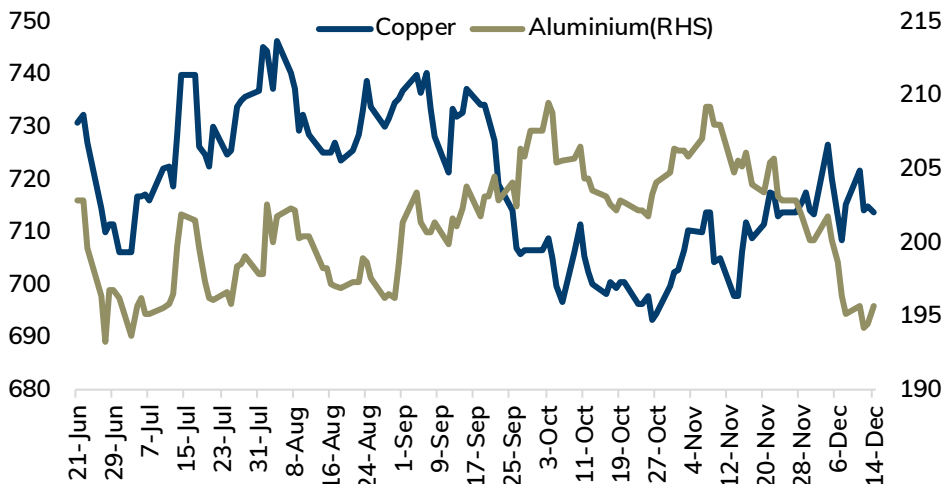
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to hold its ground near \$2020 and extend its gains towards \$2050 after the Fed signaled end to its rate hike regime. The weakness in the dollar and decline in US treasury yields would support the bullions to remain firm. The CME fed-watch tool indicates more than 65% probability of rate cut in March 2024. Meanwhile, better than expected economic numbers from US could limit the upside in gold beyond the \$2050.
- MCX gold is expected to move towards 62,900, as long as it trades above 62000. Above 62900 it would rise further towards 63,200.
- MCX silver is likely to follow the yellow metal and rise towards 75,400, as long as it holds above 74,000. A move above 75,400 would push the price towards 76,500.

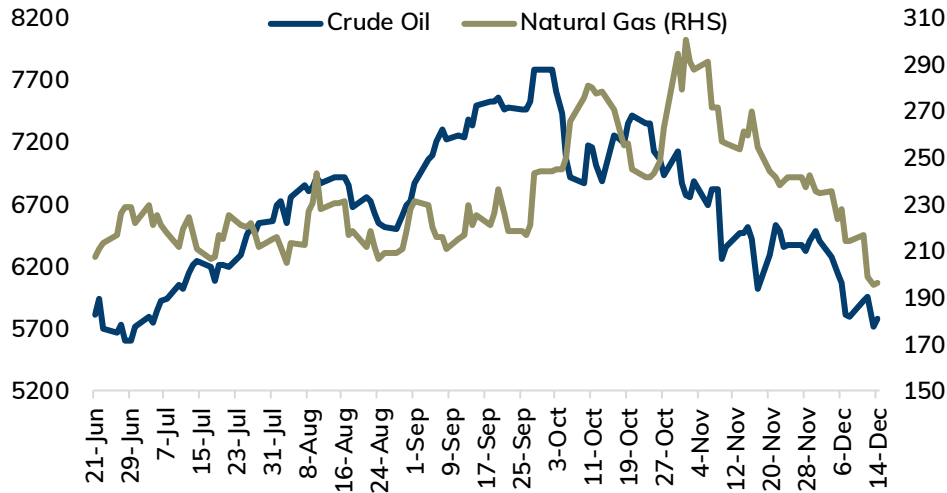
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are likely to move higher on better economic numbers from China and expectation of improved manufacturing activity in US. Gain in the Industrial production numbers has increased the prospects of demand in the red metal. Further, improved risk appetite in the global markets and supply disruptions from the top metal producers would also help the metal to trade firm. Meanwhile, traders will eye key manufacturing numbers from Euro zone and US to get more clarity.
- MCX Copper December is expected to rise towards 732, as long as it holds above the 200 day EMA at 722.
- MCX Aluminium is expected to find support near 199 and move higher towards 203.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are expected to rise again towards the \$74 mark on expectation that the Fed will cut the rates next year. The softness in the dollar and improved global risk sentiments would also support the NYMEX crude to hold above the key support near \$70. Further concerns over supply disruption in the Middle East would strengthen the oil prices to extend its gains.
- MCX Crude oil is likely to find support near 5950 and move towards 6200 level. Only close above 6200, would open the doors towards 6300.
- MCX Natural gas December future is likely to find the floor near 190 and rise towards the 200 mark amid improved export demand. Above 200, it would open the doors towards 206.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60753	61603	62242	63092	63731
Silver	70746	72911	74115	76280	77484
Copper	714.1	720.6	725.0	731.6	736.0
Aluminium	195.0	197.7	199.9	202.6	204.8
Zinc	217.2	219.5	221.2	223.4	225.1
Lead	181.9	183.1	183.9	185.1	185.8
Crude Oil	5717	5867	5947	6097	6177
Nat Gas	191	194	197	200	204

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.26	83.30	83.34	83.39	83.43
US\$INR (Jan)	83.34	83.38	83.44	83.49	83.55
EURINR (Dec)	90.60	90.82	90.97	91.19	91.33
EURINR (Jan)	90.70	90.95	91.12	91.37	91.54
GBPINR (Dec)	104.97	105.27	105.45	105.75	105.94
GBPINR (Jan)	104.74	105.20	105.47	105.94	106.20
JPYINR (Dec)	58.52	58.76	58.96	59.20	59.41
JPYINR (Jan)	57.59	58.48	58.99	59.88	60.40

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.96	102.87	-0.89%
US\$INR	83.33	83.40	-0.09%
EURUSD	1.0993	1.0874	1.09%
EURINR	90.86	89.97	0.99%
GBPUSD	1.2767	1.2618	1.18%
GBPINR	105.55	104.47	1.03%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.197	7.259	-0.062
US	3.921	4.016	-0.0956
Germany	2.119	2.173	-0.054
UK	3.789	3.830	-0.041
Japan	0.674	0.694	-0.02

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
12/13/2023	9:00 PM	-4.3M	-1.9M
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 PM	3.6M	2.5M
11/1/2023	8:00 PM	0.8M	1.5M
10/25/2023	8:00 PM	1.4M	-0.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	178075	-1475	-0.82%
Aluminium	447575	-1950	-0.43%
Zinc	210050	-1025	-0.49%
Lead	128650	150	0.12%
Nickel	48954	414	0.85%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 11, 2023						
10:30 PM	US	10-y Bond Auction	4.30 2.5	-	4.52 2.5	Medium
Tuesday, December 12, 2023						
12:30 PM	UK	Claimant Count Change	16.0K	20.3K	17.8K	High
12:30 PM	UK	Average Earnings Index 3m/y	7.20%	7.60%	7.90%	Medium
3:30 PM	Europe	ZEW Economic Sentiment	23	11.2	13.8	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	12.8	8.1	9.8	Medium
7:00 PM	US	CPI y/y	3.10%	3.10%	3.20%	High
Wednesday, December 13, 2023						
12:30 PM	UK	GDP m/m	-0.30%	-0.10%	0.20%	High
3:30 PM	Europe	Industrial Production m/m	-0.70%	-0.30%	-1.10%	Medium
7:00 PM	US	PPI m/m	0.00%	0.10%	-0.50%	High
9:00 PM	US	Crude Oil Inventories	-4.3M	-1.9M	-4.6M	Medium
Thursday, December 14, 2023						
12:30 AM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
12:30 AM	US	FOMC Economic Projections	-	-	-	High
5:30 PM	UK	Official Bank Rate	5.25%	5.25%	5.25%	High
6:45 PM	Europe	Main Refinancing Rate	4.50%	4.50%	4.50%	High
7:00 PM	US	Retail Sales m/m	0.30%	-0.10%	-0.10%	High
7:00 PM	US	Unemployment Claims	202K	223K	220K	High
9:00 PM	US	Natural Gas Storage	-55B	-60B	-117B	Medium
Friday, December 15, 2023						
7:30 AM	China	Industrial Production y/y	6.60%	5.70%	4.60%	High
7:30 AM	China	Retail Sales y/y	10.10%	12.60%	7.60%	Medium
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.3	42.9	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	43.1	42.6	High
2:30 PM	Europe	Flash Manufacturing PMI	-	44.5	44.2	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	47.6	47.2	High
7:00 PM	US	Empire State Manufacturing Index	-	1.7	9.1	High
8:15 PM	US	Flash Manufacturing PMI	-	49.3	49.4	High
8:15 PM	US	Flash Services PMI	-	50.5	50.8	High

Source: Bloomberg, Reuters, ICICI Direct Research



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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