

October 26, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Sell	702-702.50	695	706	Intraday
EURINR	October	Sell	87.83-87.85	87.50	88.05	Intraday

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News and Developments

- Gold prices moved in a tight range on Wednesday as firm dollar and treasury yields restricted its gains, whereas safe haven buying supported the metal to recoup its earlier losses.
- The dollar index remained above 106.35 as the gain in New US home sales numbers surprised the market which rose to 759k against previous reading of 67k.
- Meanwhile, the yield on the US 10-year Treasury rallied back towards 4.92 after a small correction seen in last two days.
- Crude oil remained steady as built-up in crude oil inventories and gloomy economic growth outlook in Europe offset supply concerns that arouse due to geopolitical risk in Middle East.
- U.S. crude inventories rose by 1.4 million barrels in the last week to 421.1 million barrels, the Energy Information Administration reported on Wednesday.
- Copper prices fell from its day's highs as stronger dollar and weaker economic numbers from Euro zone offsets the China stimulus. Further higher inventory levels in LME also restricted its upside.
- US natural gas futures rose again today amid forecasts for cooler US temperatures which would boost the heating demand.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60537	-0.10%	1979.72	0.35%
Silver	71786	-0.40%	22.87	-0.49%
Copper	705.9	0.43%	8032.00	0.75%
Aluminium	204.6	0.74%	2219.00	1.98%
Zinc	220.9	0.32%	2480.00	2.48%
Lead	185.8	-0.16%	2085.00	-0.83%
WTI Crude Oil	6938	-1.94%	85.39	-0.12%
US Nat Gas	249.2	2.34%	3.01	2.87%

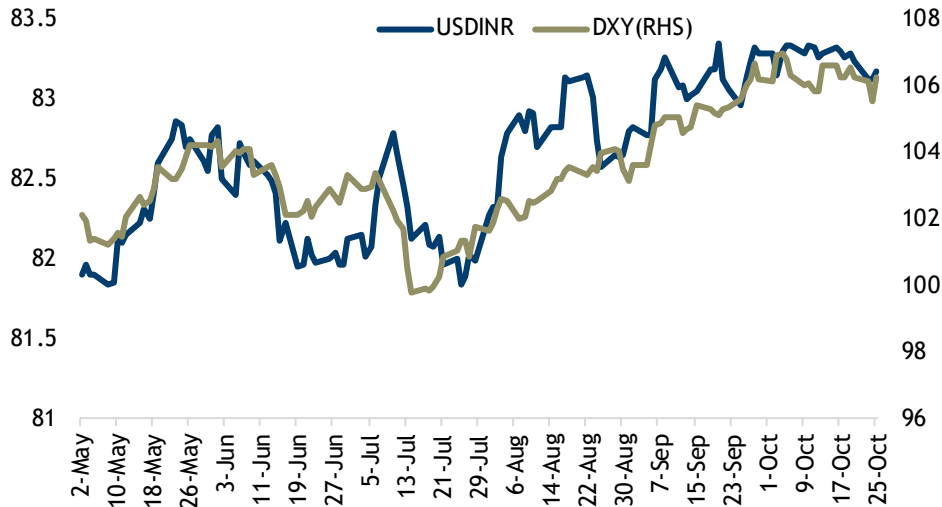
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.18	0.07%	4529940	-666451	2042621	-311160
EURINR (27th oct)	87.98	-0.08%	91611	-32026	126799	6338
GBPINR (27th Oct)	100.88	0.00%	134844	-22926	116214	-88579

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Buy	705-705.5	712	701	Stoploss triggered
EURINR	October	Sell	88.08-88.10	87.70	88.30	Profit booked

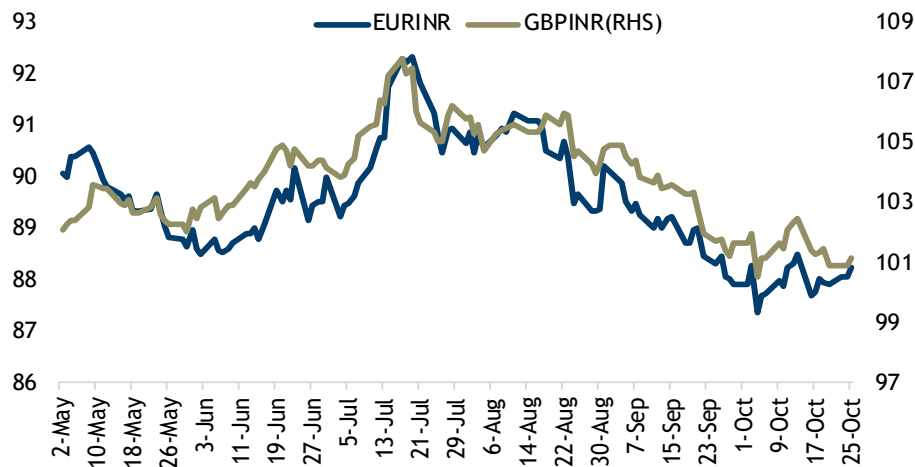
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid firm dollar and FII outflows from domestic market. Further, rupee slipped on month end dollar demand from importers
- Rupee is expected to depreciate today amid strong dollar, elevated crude oil and surge in US treasury yields across curve. Yields are rising as the recent batch of economic data from US showed resilience in the economy, reinforcing expectations that US Fed would keep rates higher for longer duration. Moreover, investors will remain cautious ahead of GDP and Job data from US to get more clarity on interest rate trajectory. USDINR is likely to rise towards 83.30 level as long as it sustains above 83.05 levels

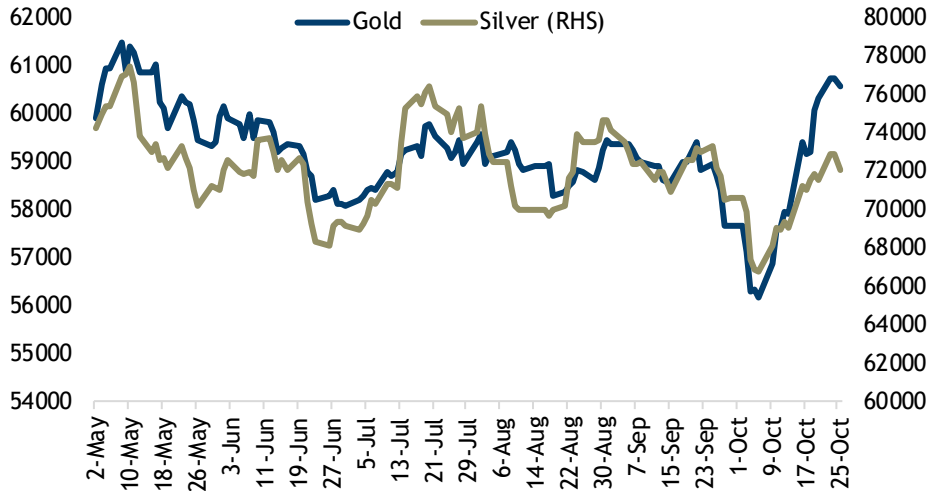
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower yesterday amid strong dollar and weak global market sentiments. Downsides were limited by better than expected German Oct IFO business climate index. For today, EURUSD is likely to slip further towards 1.0520 levels as long as it remains below 1.0600 levels. Additionally, investors will remain careful ahead of ECB monetary policy decision, where central bank is likely to keep its policy rate unchanged and focus will be on statements from ECB to get clues on interest rate trajectory. EURINR may move south towards 87.50 level as long as it stays below 88.05 levels
- Pound is expected to dive towards 1.2050 level amid strong dollar and risk aversion in global markets. Also, weak economic data from Britain reinforced expectations that BOE will hold rates steady. GBPINR is likely to edged lower towards 100.0 level as long as it trades below 101.0 level.

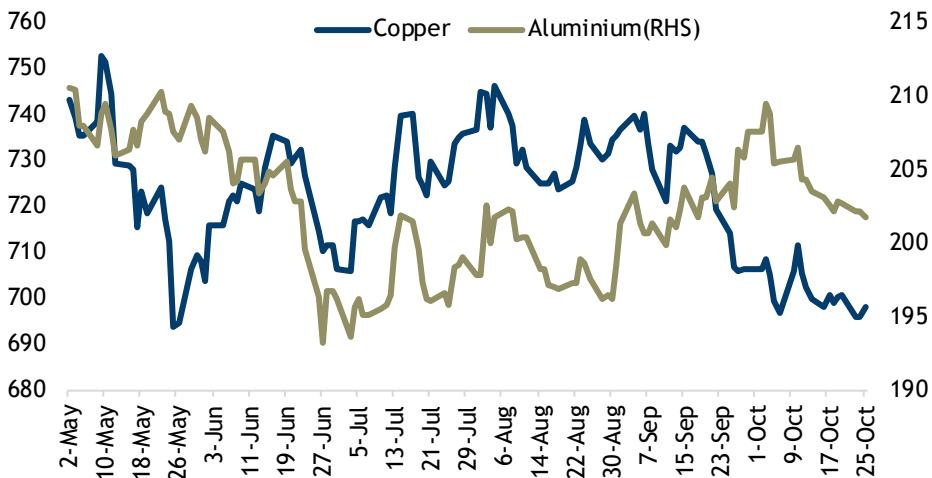
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise towards \$1995 as long as it holds the support of \$1975 levels amid demand for safe haven may increase on fears that rising conflict between Hamas and Israel may spill over and trigger another multi-front war in the region. Israel intensified its bombing of Gaza amid international calls for a pause in fighting. Meanwhile, investors will remain cautious ahead of US GDP and Job data to gauge economic health of the country and get clarity on interest rate outlook.
- MCX Gold prices is likely to move further north towards 61,100 level as long as it trades above the support level of 60,600 levels
- MCX Silver is expected to rise further till 72,400 level as long as it sustains above 71,300 level.

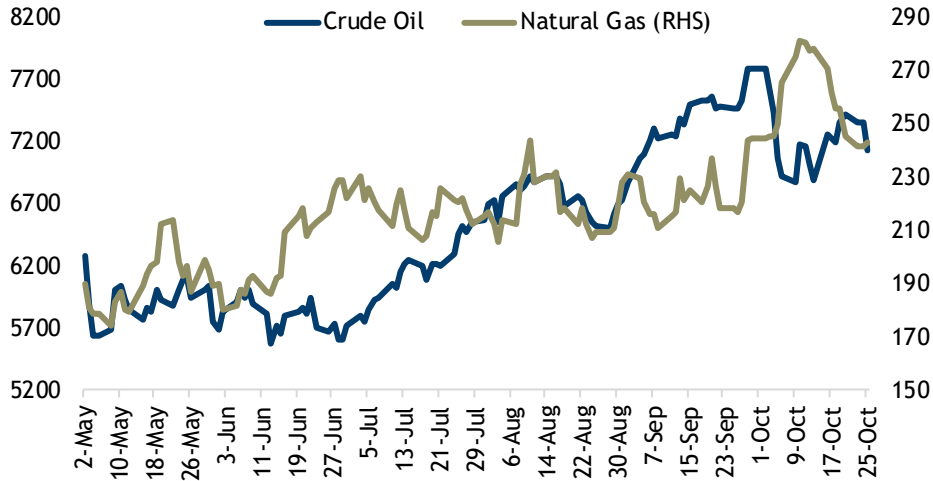
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias on strong dollar, rising inventories at LME registered warehouses and weak global market sentiments. Further, slowdown in Chinese housing market will be headwind for industrial metals. Additionally, disappointing economic from Europe and UK signaled stagnating economy.
- MCX Copper is likely to slip towards 695 level, as long as it stays below 706 level. A move below 695 would open the doors towards 690 level.
- MCX aluminium is expected to hold the support near 204 level and move towards 206 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise towards \$86.50 levels as long as it stays above \$84.50 levels amid rising worries about conflict in Middle East. Israel PM said in a televised statement that they are preparing for ground invasion of Gaza. Meanwhile, sharp upside may be capped on higher US crude oil inventories and gloomy economic picture in Europe. ECB data showed lending across eurozone came to a near standstill last month, further evidence that bloc may be close to recession
- MCX Crude oil is likely to find support near 7000 levels and rise towards 7250 levels.
- MCX Natural gas November is expected to hold the support near 275 level and move north towards 285 ahead of EIA weekly report.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59941	60239	60575	60873	61209
Silver	70570	71178	71583	72191	72596
Copper	697.3	701.6	704.0	708.3	710.7
Aluminium	203.7	204.1	204.8	205.3	206.0
Zinc	220.0	220.5	221.6	222.0	223.1
Lead	184.8	185.3	185.9	186.4	187.0
Crude Oil	6690	6814	6942	7066	7194
Nat Gas	243	246	249	252	255

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.02	83.10	83.15	83.22	83.27
US\$INR (Nov)	83.04	83.14	83.20	83.31	83.37
EURINR (Oct)	87.75	87.87	88.02	88.14	88.29
EURINR (Nov)	87.95	88.06	88.21	88.32	88.47
GBPINR (Oct)	100.55	100.71	100.97	101.14	101.39
GBPINR (Nov)	100.70	100.86	101.12	101.28	101.53
JPYINR (Oct)	55.49	55.54	55.57	55.61	55.64
JPYINR (Nov)	55.81	55.88	55.92	55.99	56.03

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.53	106.16	0.34%
US\$INR	83.19	83.12	0.08%
EURUSD	1.0566	1.0594	-0.26%
EURINR	87.92	88.02	-0.11%
GBPUSD	1.2112	1.2164	-0.43%
GBPINR	100.82	100.79	0.03%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.340	7.363	-0.023
US	4.955	4.914	0.0412
Germany	2.889	2.889	0
UK	4.610	4.651	-0.041
Japan	0.859	0.842	0.017

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
10/25/2023	8:00 PM	1.4M	-0.5M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	185175	-5275	-2.77%
Aluminium	482450	-4000	-0.82%
Zinc	73100	-3150	-4.13%
Lead	121725	6500	5.64%
Nickel	44880	18	0.04%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 23, 2023						
7:30 PM	Europe	Consumer Confidence	-18	-18	-18	Medium
Tuesday, October 24, 2023						
11:30 AM	UK	Claimant Count Change	20.4K	2.3K	0.9K	High
12:45 PM	Europe	French Flash Manufacturing PMI	42.6	44.4	44.2	High
1:00 PM	Europe	German Flash Manufacturing PMI	40.7	40.1	39.6	High
1:30 PM	Europe	Flash Manufacturing PMI	43.0	43.6	43.4	Medium
2:00 PM	UK	Flash Manufacturing PMI	45.2	44.7	44.3	High
7:15 PM	US	Flash Manufacturing PMI	50.0	49.5	49.8	High
7:15 PM	US	Flash Services PMI	50.9	49.9	50.1	High
7:30 PM	US	Richmond Manufacturing Index	3	3	5	Medium
Wednesday, October 25, 2023						
1:30 PM	Europe	German ifo Business Climate	86.9	85.9	85.7	High
7:30 PM	US	New Home Sales	759K	684K	675K	Medium
8:00 PM	US	Crude Oil Inventories	1.4M	-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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