

September 28, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	November	Sell	58220-58250	57750	58550	Intraday
GBPINR	October	Sell	101.20-101.21	100.80	101.40	Intraday

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News and Developments

- Spot Gold prices ended on negative note for third consecutive session amid strong dollar and surge in US treasury yield across curve. Additionally, hawkish statements from Fed officials and improved economic data from US added downside pressure.
- Orders for durable goods, items ranging from toasters to aircraft meant to last three years or more, gained 0.2% last month. Data for July was revised lower to show orders for these goods decreasing 5.6% instead of 5.2% as previously reported
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting decline to 77.6% from 83.6% a day ago while, prospects for increase by 25bps in November meeting has moved up to 22.4% from 16.4% a day ago
- US treasury yields continued to rise on expectations that US Federal Reserve will keep rates higher for longer duration than initially estimated, to lower inflation to its 2% target. Yield on benchmark US 10-year treasury note climbed to 16 year peak, it rose to 4.610% and 2-year treasury yield, which typically moves in step with interest rate expectations moved higher to 5.141%
- Crude oil prices surged more than 3% yesterday as steep drop in US crude stocks fuelled worries over tight global supplies. As per EIA report US crude oil inventories fell by 2.2 million barrels last week to 416.3 million barrels.
- Copper prices slipped amid strong dollar and renewed concerns over the financial health of property developers. Moreover, rising inventories at LME registered warehouses added downside pressure.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	57672	-1.30%	1875.12	-1.34%
Silver	70549	-1.71%	22.55	-1.33%
Copper	709.3	-0.42%	8114.00	0.28%
Aluminium	205.5	-0.15%	2238.00	-0.25%
Zinc	222.1	-0.60%	2476.50	-1.37%
Lead	186.9	-0.53%	2153.00	-1.53%
WTI Crude Oil	7792	3.30%	93.68	3.64%
US Nat Gas	244.1	2.95%	2.76	4.07%

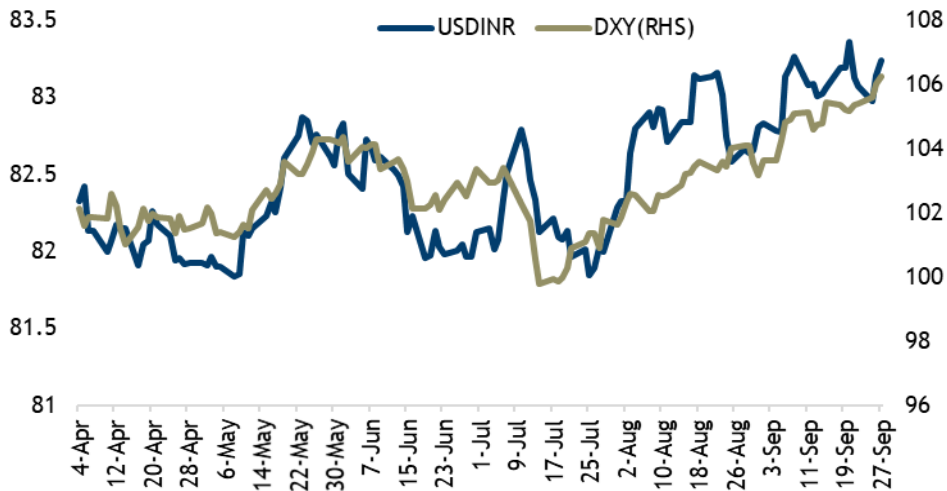
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.33	0.12%	3965360	1473466	2205354	249983
EURINR (27th oct)	88.03	-0.03%	141013	113583	144577	77972
GBPINR (27th Oct)	101.25	-0.14%	207881	127332	172190	22111

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	October	Buy	7540-7550	7700	7450	Not Initiated
GBPINR	October	Sell	101.58-101.60	101.2	101.85	Not Initiated

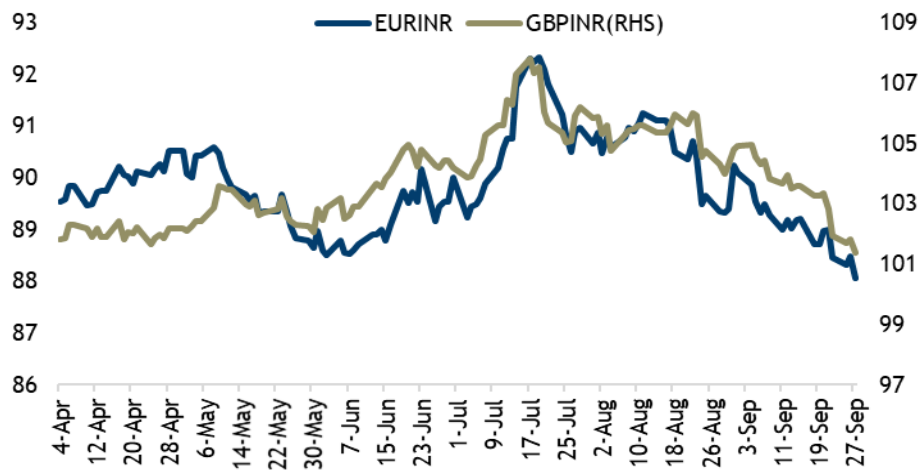
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated on Wednesday slightly as the RBI likely sold dollars to prevent slide in the rupee. The rupee managed to settle at 83.23 despite firm dollar and higher crude oil price.
- USDINR is expected to move higher towards 83.40 on strong dollar and higher crude oil prices. The rising US government yields is going to hurt the rupee. Further expectation of better GDP numbers from US would also support the dollar to trade firm. Meanwhile, investors will remain cautious ahead of the Fed chair's speech due later in the day. USDINR is expected to move towards 83.40, as long as it holds above the 83.00. Above 83.40, it can test 83.50.

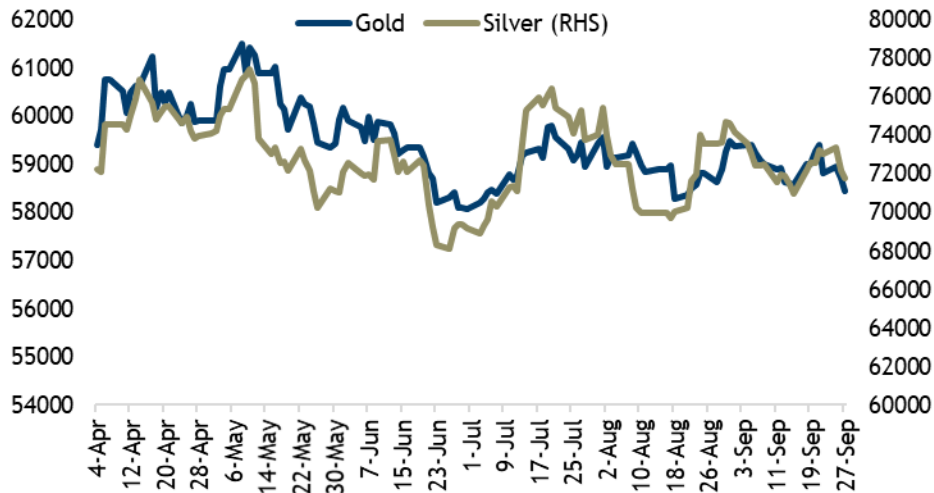
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro lost more than 0.50% yesterday amid strong dollar and weak economic numbers from the Eurozone. The projection of contraction in the German GDP could be bearish for the pair. Further, expectation of softness in German prelim CPI could also check the upside in the pair. Euro could face the resistance near 1.0570 and weaken further towards 1.048. EURINR is likely to face the hurdle near 88.40 and weaken towards 87.50.
- The pound hit fresh multi month lows amid strong dollar. The sluggish growth outlook and falling expectation of rate hike in UK would weigh on the pound. The pair is expected to slide towards 1.2080 as long as it trades under 1.22. GBPINR is expected to move towards 100.80, as long as the pair trades below 101.60.

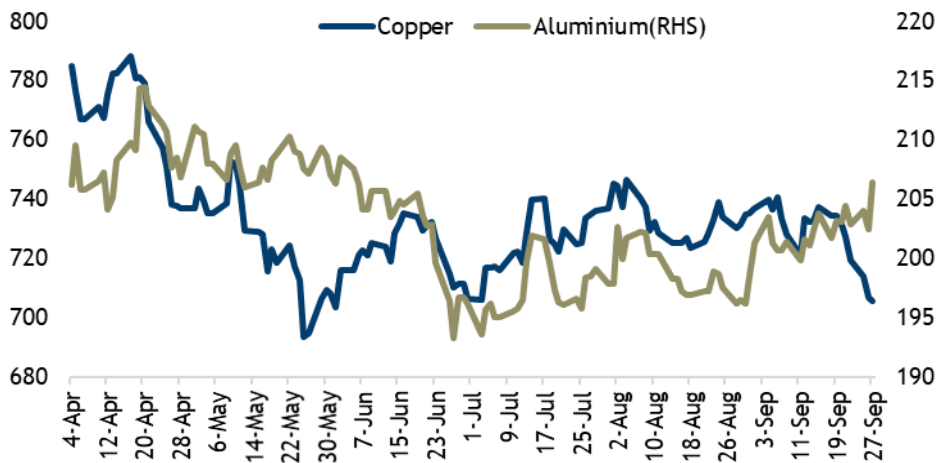
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to slip further towards \$1860 levels as long as it sustains below \$1885 levels amid firm Dollar and elevated US treasury yields. Dollar is gaining strength on bets that US economy will outperform its peers in an environment of higher borrowing cost. Moreover, investors will remain cautious ahead of US GDP and weekly jobless claims data for clues on Fed interest rate path. Meanwhile, investors worries over partial US government shutdown after Republican US House Speaker Kevin McCarthy rejected a stopgap funding bill advancing in Senate
- MCX Gold prices is likely to move south towards 57,400 level as long as it trades below the resistance level of 57,900 levels
- MCX Silver is expected to follow gold prices and move lower towards 69,500 level as long as it sustains below 71,000 level

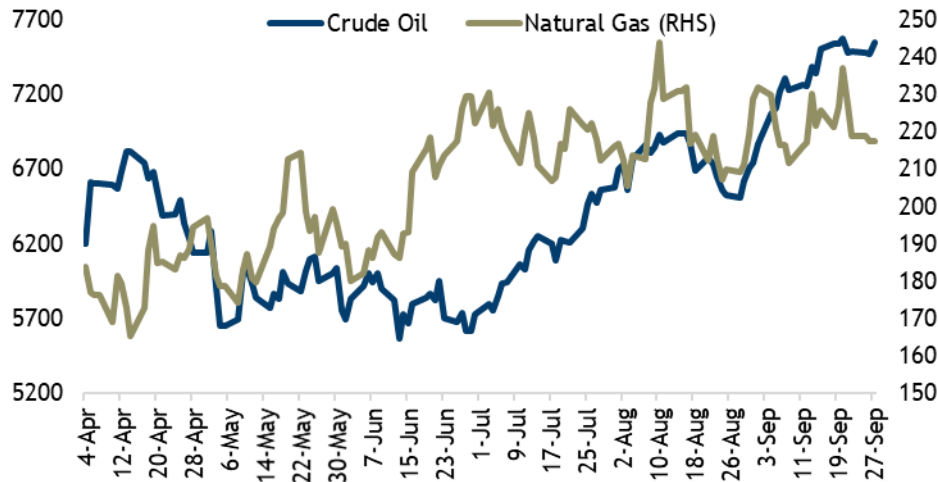
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid firm dollar, weak global market sentiments and as uncertainty about China's property market was reinforced. Further, prices may slip on rising inventories at LME registered warehouses. Copper stocks reached 167,850 tons, highest since May 2022. Market sentiments are hurt as rising crude oil prices exaggerated concerns about increasing fuel prices and their impact on inflation and consumer spending. This further intensified fears that key central banks will hold interest rates higher for longer than previously expected
- MCX Copper may slip further towards 704 levels as long as it trades below 715 levels
- MCX aluminium is expected to move upward towards 207 level as long as it stays above 204.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further till \$95.50 levels as steep decline in US crude oil inventories added to worries over tight global supplies. Additionally, after Russian President Vladimir Putin ordered his government to ensure retail fuel prices stabilizes after a jump caused by increase in exports, Deputy prime minister cited proposal to restrict exports of oil products purchased for domestic use, adding to market tightness. Moreover, data from China spurred some optimism over an economic recovery. China's industrial profits rose for the first time this year in August
- MCX Crude oil is likely to move upward towards 7900 level as long as it sustains above 7650 levels
- MCX Natural gas is expected to move upwards towards 250 level as long as it stays above 235 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	57087	57379	57915	58207	58743
Silver	69761	70155	70835	71229	71909
Copper	706.4	707.8	710.0	711.5	713.7
Aluminium	203.7	204.6	205.3	206.2	206.9
Zinc	219.9	221.0	222.2	223.3	224.5
Lead	185.9	186.4	187.2	187.7	188.5
Crude Oil	7473	7633	7727	7887	7981
Nat Gas	237	240	243	247	250

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.25	83.29	83.32	83.36	83.39
US\$INR (Nov)	83.38	83.41	83.44	83.47	83.50
EURINR (Oct)	87.75	87.89	88.10	88.23	88.44
EURINR (Nov)	87.91	88.06	88.28	88.44	88.66
GBPINR (Oct)	101.09	101.17	101.29	101.37	101.49
GBPINR (Nov)	101.19	101.31	101.49	101.60	101.79
JPYINR (Oct)	56.09	56.15	56.26	56.33	56.44
JPYINR (Nov)	56.53	56.58	56.68	56.73	56.83

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.67	106.23	0.41%
US\$INR	83.23	83.24	-0.01%
EURUSD	1.0503	1.0572	-0.65%
EURINR	87.90	88.23	-0.37%
GBPUSD	1.2135	1.2158	-0.19%
GBPINR	101.13	101.44	-0.31%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.170	7.144	0.026
US	4.608	4.536	0.0719
Germany	2.843	2.808	0.035
UK	4.358	4.326	0.032
Japan	0.741	0.741	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/16/2023	8:00 PM	-6.0M	-2.4M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	167850	1000	0.60%
Aluminium	493300	-1000	-0.20%
Zinc	107075	-450	-0.42%
Lead	76650	-75	-0.10%
Nickel	41628	300	0.73%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 25, 2023						
1:30 PM	Europe	German ifo Business Climate	85.70	85.10	85.70	Medium
Tuesday, September 26, 2023						
7:30 PM	US	CB Consumer Confidence	103.00	105.50	106.10	High
7:30 PM	US	New Home Sales	675K	699K	714K	Medium
Wednesday, September 27, 2023						
6:00 PM	US	Durable Goods Orders m/m	0.20%	-0.5%	-5.2%	Medium
8:00 PM	US	Crude Oil Inventories	(-2.2)M	-	(-2.1)M	Medium
Thursday, September 28, 2023						
All Day	Europe	German Prelim CPI m/m		0.3%	0.3%	High
6:00 PM	US	Final GDP q/q		2.3%	2.1%	High
6:00 PM	US	Unemployment Claims		213k	201k	High
7:30 PM	US	Pending Home Sales m/m		0.30%	0.90%	Medium
Friday, September 29, 2023						
1:30 AM	US	Fed Chair Powell Speaks				High
11:30 AM	UK	Final GDP q/q		0.2%	0.2%	High
2:30 PM	Europe	CPI Flash Estimate y/y		4.8%	5.3%	High
6:00 PM	US	Core PCE Price Index m/m		0.20%	0.20%	High
6:00 PM	UK	ECB President Lagarde Speaks		-	-	High
7:30 PM	US	Revised UoM Consumer Sentiment		67.7	67.7	High

Source: Bloomberg, Reuters, ICICI Direct Research



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