

September 22, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Sell	721-721.50	714	725	Intraday
GBP/INR	September	Sell	102.10-102.12	101.50	102.30	Intraday

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## News and Developments

- Spot Gold prices slipped for 3<sup>rd</sup> consecutive day amid firm dollar and surge in benchmark 10-year treasury yield after US Federal Reserve hardened its hawkish stance on interest rates. US Fed hit a pause button but signaled that rates may be lifted once more this year and will remain tight through 2024
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 73.8% from 69.7% a day ago while, prospects for increase by 25bps in November meeting has moved down to 26.2% from 28.9% a day ago
- 10-year US treasury yields surged after US Federal Reserve surprised investors by flagging the potential for an additional rate hike and an expectation for fewer cuts in 2024. Fed officials in their quarterly projections have forecasted half a percentage point rate cuts in 2024 which in June they had expected cut by full percentage point
- Yield on benchmark US 10-year treasury note increased to 16 year high 4.496% and 2-year treasury yield, which typically moves in step with interest rate expectations rose to 5.202%, highest since July 2006
- Bank of England followed US and hit a pause button yesterday as British economy slowed, but said it was not taking recent fall in inflation for granted
- Crude oil prices edged higher yesterday after a Russian ban on fuel exports. Russia temporarily banned exports of gasoline and diesel to all countries outside a circle of 4 ex-Soviet states with immediate effect to stabilize domestic fuel market.
- Copper prices hit their lowest in almost 4 months as US Federal Reserve signalled policy would remain restrictive for longer and continues rise in inventories at LME registered warehouses

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59405	0.21%	1930.30	-0.05%
Silver	73230	0.91%	23.24	0.16%
Copper	727.2	0.02%	8345.50	0.64%
Aluminium	204.5	0.69%	2256.00	1.83%
Zinc	224.0	1.06%	2555.50	2.32%
Lead	187.7	-0.24%	2214.00	-0.27%
WTI Crude Oil	7475	-0.94%	90.28	-1.01%
US Nat Gas	227.0	-4.22%	2.73	-4.04%

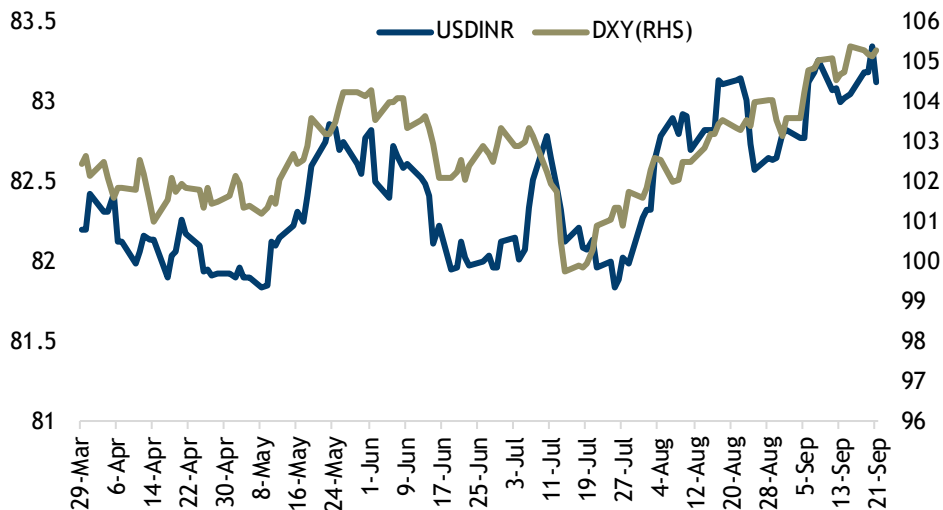
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.12	-0.28%	3631063	105509	3057226	773289
EURINR (26th Sep)	89.00	0.03%	114258	-949	107613	18009
GBPINR (26th Sep)	102.82	-0.51%	200164	15950	277256	95969

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	October	Sell	59280-59300	58800	59550	Target Achieved
USDINR	September	Buy	83.15-83.16	83.35	83.00	Exit in Loss

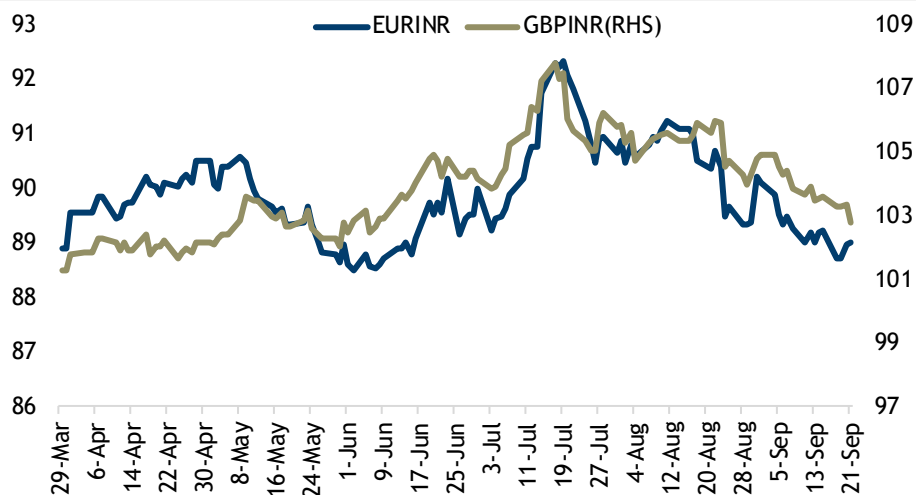
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Thursday to settle near the 83.00 mark as potential central bank intervention countered the strength in the dollar
- USDINR is expected to find support near 82.70 and move back towards 83.10 amid firm dollar and higher crude oil prices. The expectation of better economic numbers from the US could support the dollar. Further, increasing bets of higher for longer interest rates would help the dollar to regain its strength against the rupee. Meanwhile, expectation of rising inflows into domestic market amid India's inclusion in global bond index for emerging markets would limit the downside in rupee. USDINR is expected to find support near 82.70 and move towards 83.10.

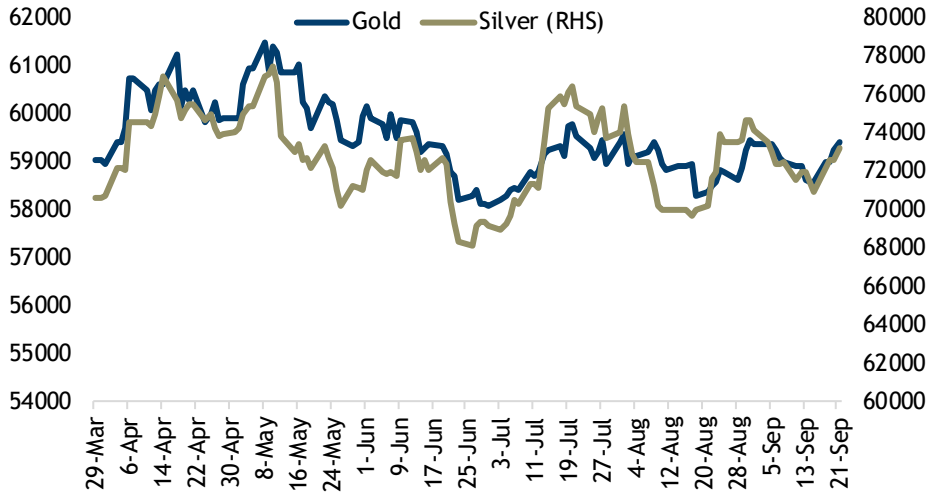
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro recovered from its 6-month low after the 10-year German bund yields climbed to 12-year high. The hawkish comments from the ECB officials and better economic numbers from the Euro zone supported its recovery. Euro could face the resistance near 1.068 and weaken further towards 1.06 amid stronger dollar and expectation of weaker manufacturing and service PMI numbers. EURINR is likely to face the hurdle near 88.80 and weaken towards 88.20.
- The pound remained under pressure after the BOE paused its rate hike regime as the British economy slowed in last quarter. The pair is expected to slide towards 1.22 as long as it trades under 1.2350. Only close below 1.22 would weaken further towards 1.2150. GBPINR is expected to move towards 101.40, as long as the pair trades below 102.50.

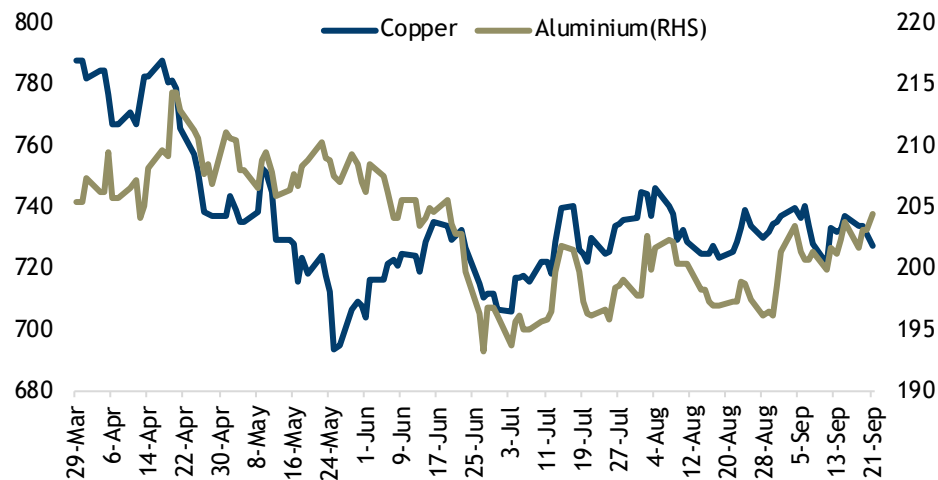
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to slip back towards \$1910 levels as long as it sustains below \$1932 levels amid firm dollar and surge in US treasury yields. Dollar is hovering near 6-month high as Fed signalled monetary policy will remain restrictive for longer. Additionally, investors will remain cautious ahead of manufacturing and services pmi data to gauge the economic health of the country
- MCX Gold prices is likely to move south towards 58,500 level as long as it trades below the resistance level of 59,100 levels
- MCX Silver is expected to slip towards 72,400 level as long as it sustains below 73,400 level

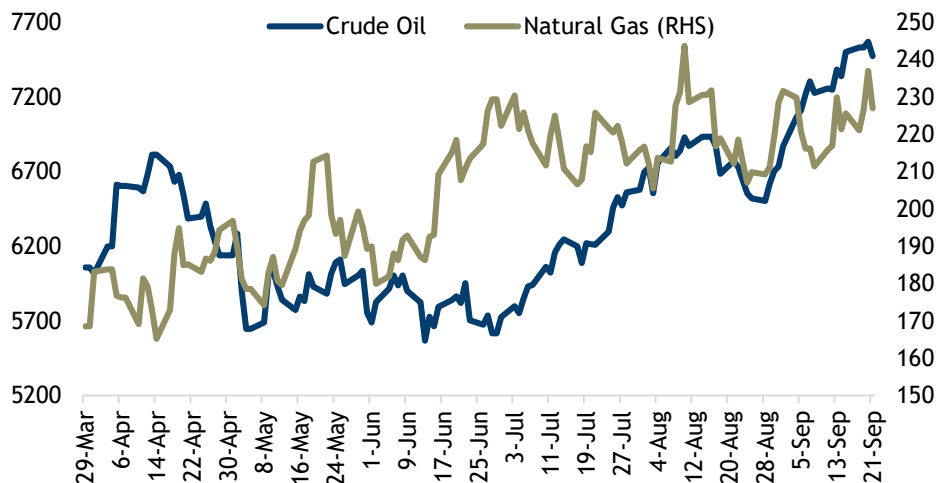
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar, risk aversion in the global markets and rising inventories at LME registered warehouses. Copper stocks are at their highest since May 2022 at 162,900 tons. Additionally, Manufacturing PMI data from major countries is likely to show that activity in sector continued to contract denting demand for industrial metal
- MCX Copper may slip further towards 710 levels as long as it trades below 725 levels
- MCX aluminium is expected to move downward towards 201.50 level as long as it stays below resistance level of 203.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further till \$91 levels on growing concerns over tighter global supplies. Fuel export ban from Russia comes on heels of deeper than expected supply cuts from Russia and Saudi Arabia. However, sharp upside may be capped on strong dollar and pessimistic global market sentiments. Additionally, investors fear that higher borrowing cost for longer duration could dampen economic growth and overall fuel demand.
- MCX Crude oil is likely to move up towards 7680 level as long as it sustains above 7450 levels
- MCX Natural gas is expected to move downwards towards 210 level as long as it stays below 225 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58985	59195	59319	59529	59653
Silver	71758	72494	72906	73642	74054
Copper	722.3	724.7	727.6	730.0	732.9
Aluminium	201.9	203.2	203.9	205.2	205.9
Zinc	218.3	221.1	223.1	225.9	227.9
Lead	186.8	187.2	188.0	188.4	189.2
Crude Oil	7324	7400	7479	7555	7634
Nat Gas	221	224	228	231	235

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.92	83.02	83.16	83.26	83.40
US\$INR (Oct)	83.02	83.13	83.27	83.38	83.53
EURINR (Sep)	88.78	88.89	88.99	89.10	89.20
EURINR (Oct)	88.99	89.09	89.19	89.29	89.38
GBPINR (Sep)	102.38	102.60	102.92	103.14	103.46
GBPINR (Oct)	102.61	102.80	103.09	103.28	103.57
JPYINR (Sep)	56.08	56.19	56.35	56.46	56.62
JPYINR (Oct)	56.46	56.59	56.77	56.89	57.07

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.33	105.20	0.12%
US\$INR	83.08	83.27	-0.23%
EURUSD	1.0661	1.0692	-0.29%
EURINR	88.88	88.87	0.01%
GBPUSD	1.2344	1.2383	-0.31%
GBPINR	102.79	103.28	-0.47%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.175	7.191	-0.016
US	4.407	4.303	0.1044
Germany	2.702	2.708	-0.006
UK	4.215	4.391	-0.176
Japan	0.727	0.715	0.012

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
20-09-2023	8:00 PM	-2.1M	-1.3M
13-09-2023	8:00 PM	4.0M	-2.2M
07-09-2023	8:30 PM	-6.3M	-2.06M
30-08-2023	8:00 PM	-10.6M	-2.2M
23-08-2023	8:00 PM	-6.1M	-2.9M
16-08-2023	8:00 PM	-6.0M	-2.4M
09-08-2023	8:00 PM	5.9M	2.1M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	155700	6100	4.08%
Aluminium	486150	-3675	-0.75%
Zinc	111600	-3750	-3.25%
Lead	73875	2825	3.98%
Nickel	41040	540	1.33%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 18, 2023						
1:30 PM	US	NAHB Housing Market Index	45.00	50.00	50.00	Medium
Tuesday, September 19, 2023						
2:30 PM	Europe	Final CPI y/y	5.2%	5.3%	5.3%	Medium
6:00 PM	US	Building Permits	1.54M	1.45M	1.44M	Medium
Wednesday, September 20, 2023						
6:45 AM	China	5-y Loan Prime Rate	4.2%	4.2%	4.2%	High
11:30 AM	UK	CPI y/y	6.70%	7.1%	6.8%	High
8:00 PM	US	Crude Oil Inventories	(-2.1)M		4.0M	Medium
11:30 PM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections	-	-	-	High
Thursday, September 21, 2023						
4:30 PM	UK	Official Bank Rate	5.25%	5.5%	5.25%	High
6:00 PM	US	Unemployment Claims	201K	222K	220K	High
7:30 PM	US	Existing Home Sales	4.04M	4.10M	4.07M	Medium
Friday, September 22, 2023						
8:30 AM	Japan	BOJ Policy Rate		-0.10%	-0.10%	High
11:30 AM	UK	Retail Sales y/y		0.5%	-1.2%	High
1:30 PM	Europe	Flash Manufacturing PMI		44.0	43.5	High
1:30 PM	Europe	Flash Services PMI		47.7	47.9	High
2:00 PM	UK	Flash Manufacturing PMI		43.5	43.0	High
2:00 PM	UK	Flash Services PMI		49.1	49.5	High
7:30 PM	US	Flash Manufacturing PMI		47.9	47.9	High
7:30 PM	US	Flash Services PMI		50.8	50.5	High

Source: Bloomberg, Reuters, ICICI Direct Research



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