

October 20, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	November	Buy	7260-7270	7450	7180	Intraday
EURINR	October	Buy	87.95-87.97	88.35	87.75	Intraday

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News and Developments

- Gold prices gained more than 1.0% on Thursday as growing tension in the Middle East fuelled the safe haven appeal in the precious metal. Further, dovish comments from the Fed chair Powell also pushed the bullions towards \$1975.
- The dollar index dipped towards 106.30 after Fed Chair Powell reiterated at the Economic Club of New York that the next monetary policy step will be data dependent, and that the Fed is proceeding carefully when making decisions and the extent of additional policy firming.
- Meanwhile, the yield on the US 10-year Treasury note touched 4.99% on Thursday, a new 16-year high. The benchmark yields gained 27 bps this week as investors expect interest rates to remain higher for longer.
- US weekly unemployment benefits fell by 13,000 from the prior week to 198,000, the least since January of 2023, suggesting resiliency in the job market.
- NYMEX crude oil prices recouped its earlier losses and moved towards the \$89 mark, as rising tension in the Middle East raised the possibility of disruption oil supplies in the region. Further, SPR refill plans from US till May 2024 also pushed the oil prices towards \$89 mark
- Copper prices traded in a range amid mixed global cues. Prices found support from improved retail sales and IIP numbers from China. Whereas higher inventory levels and risk-off sentiments in the global market restricted the upside in the red metals. Copper inventories in LME warehouses jumped to 191850 tons highest level since October 2021.
- US natural gas futures extended its losses on Thursday after EIA report showed an addition of 97 bcf of gas into the storage last week. Further, record output and milder weather in US also weighed on the gas prices.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60318	0.41%	1974.46	1.38%
Silver	71616	-0.39%	23.05	0.89%
Copper	700.6	0.01%	7993.00	0.26%
Aluminium	202.7	-0.07%	2185.00	0.14%
Zinc	218.9	-0.34%	2414.50	-0.90%
Lead	185.9	-0.32%	2097.50	-0.19%
WTI Crude Oil	7330	0.76%	89.37	1.19%
US Nat Gas	245.8	-4.10%	2.96	-3.24%

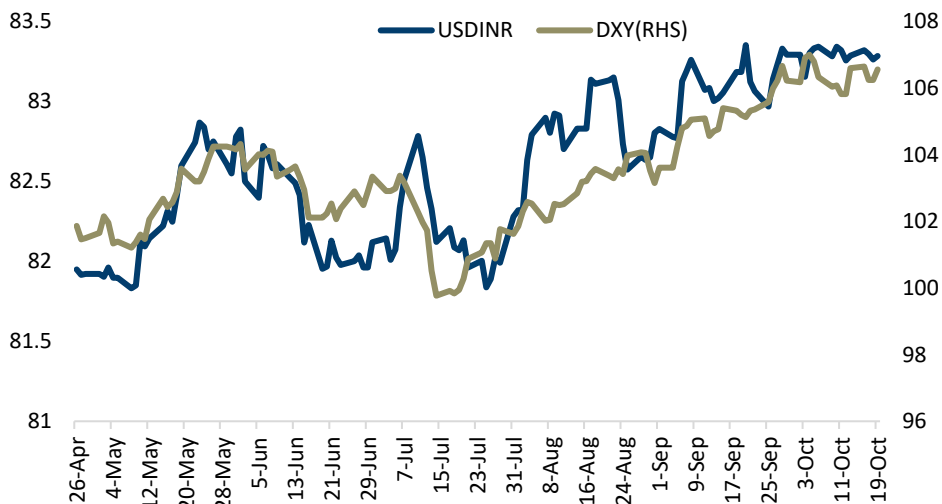
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.24	-0.05%	5385100	-328921	2057652	964268
EURINR (27th oct)	87.90	-0.07%	121351	-5805	157358	12577
GBPINR (27th Oct)	100.94	-0.55%	162822	8829	228894	34716

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	November	Buy	59330-59350	59820	59100	Not Initiated
EURINR	October	Sell	87.93-87.95	87.55	88.15	Not Initiated

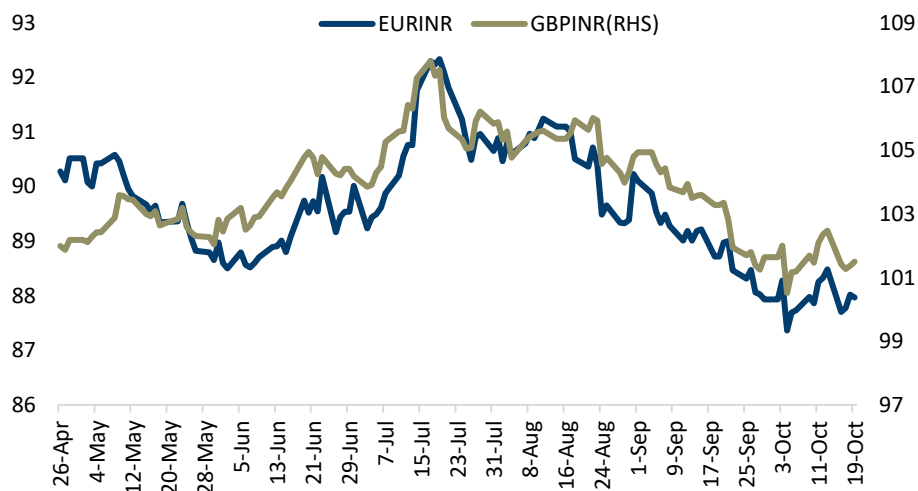
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated marginally yesterday amid soft crude oil prices and likely dollar sales from central bank. Meanwhile, sharp gains in rupee was limited amid strong dollar and risk aversion in the global markets
- Rupee is expected to appreciate today amid soft dollar and retreat in US treasury yields from multi year highs. Dollar slipped on dovish statements from US Fed Chair Powell. He said US economy's strength and tight labor market conditions could warrant further rate increases, but rising market interest rates could make action by central bank less necessary. His statements left intact expectations that Fed will leave its interest rate unchanged in upcoming meeting. USDINR is likely to slip back towards 83.00 level as long as it sustains below 83.30 levels

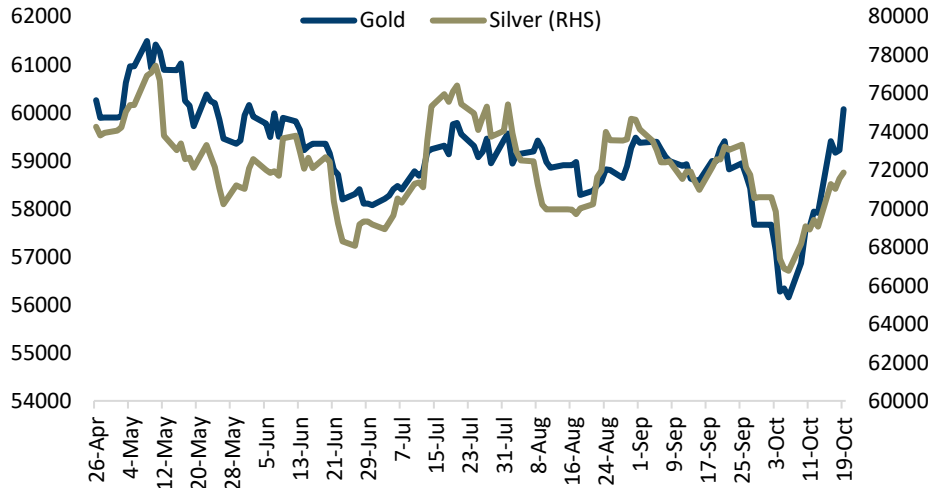
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged higher yesterday amid weak dollar following dovish statements from the Fed Chair Powell. He said Fed was proceeding carefully while making decision about the extent of additional policy tightening. For today, EURUSD is likely to rise further towards 1.0620 levels as long as it remains above 1.0530 levels amid soft dollar. However, sharp upside may be capped on pessimistic global market sentiments and weak 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 1.2200 level amid weakness in dollar. Further, steady inflation in UK raised possibility of another rise in interest rates. GBPINR is likely to rise towards 101.30 level as long as it trades above 100.70 level.

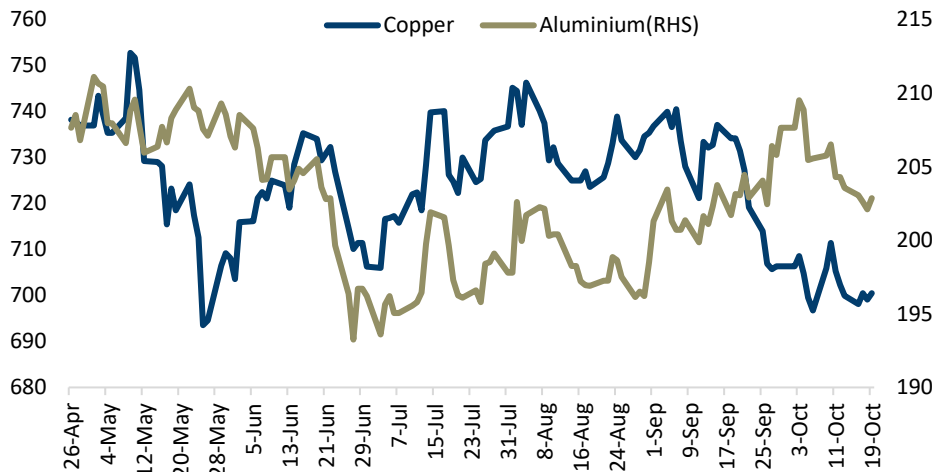
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to extend its rally towards \$1990 amid ongoing geopolitical tension. Volatility in the Middle East region is likely to stay elevated. Further, increasing probability of no hike in key policy rates by the Fed in its November meeting would also support the bullions to stick to its gains. The CME Fed-watch tool indicates a 99% probability of no change in November meeting a shift from 93% a day ago
- MCX Gold prices is likely to rise towards 60500, as long as it holds above the immediate support at 59740. Above 60500, it would test 60800.
- MCX Silver is expected to hold the support near 70800 and extend its gains towards 72800.

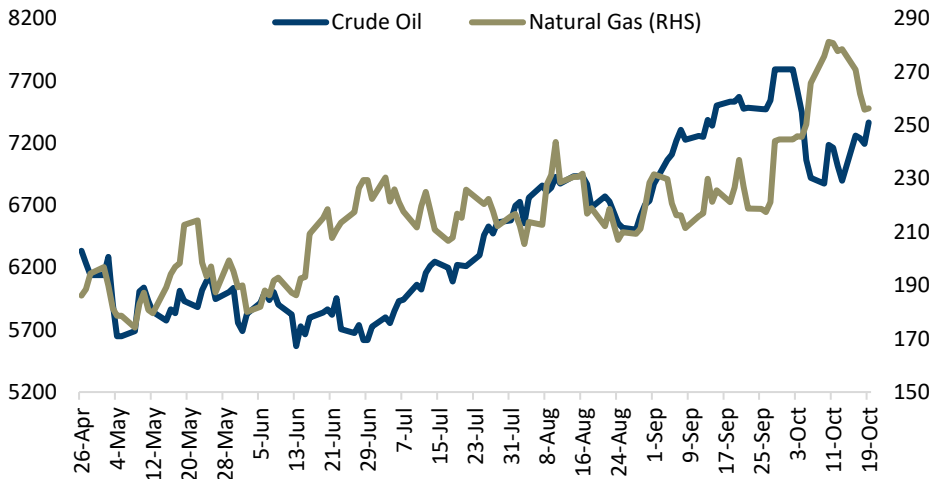
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid risk-off tone across markets. Further higher inventory levels in LME and weak demand from China would also weigh on the metal prices. Additionally, China kept its benchmark lending rates unchanged, matching market expectations. The 1-year loan prime rate was kept at 3.45%, while the 5-year LPR was unchanged at 4.20%
- MCX Copper is likely to consolidate in between 695-705. A move outside of the range will bring more clarity in the trend. Below 695, it would open the doors towards 690. On the flip side a move above 705 would push the prices higher towards 711.
- MCX aluminium is expected to hold the support near 201 and move towards 204 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further towards the \$91 mark after the U.S. government outlined plans to begin refiling the country's strategic oil reserve. The DOE said it will sign purchase contracts for the refill at \$79 a barrel or less, and will also continue with solicitations for oil purchases until at least May 2024. Further, fear of escalation in the Middle East would also support the oil prices to stay elevated.
- MCX Crude oil November is likely to hold the supports near 7200 and rise towards 7450.
- MCX Natural gas is expected to face the hurdle near 252 and weaken towards the immediate support near at 240 amid higher inventories in US and mild weather forecast.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59483	59900	60138	60555	60793
Silver	70544	71080	71640	72176	72736
Copper	695.2	697.9	700.2	702.9	705.2
Aluminium	201.1	201.9	202.7	203.5	204.2
Zinc	217.4	218.1	218.8	219.5	220.2
Lead	184.8	185.4	186.3	186.8	187.7
Crude Oil	7051	7191	7267	7407	7483
Nat Gas	237	242	249	254	261

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.19	83.22	83.26	83.28	83.32
US\$INR (Nov)	83.26	83.29	83.33	83.37	83.41
EURINR (Oct)	87.65	87.78	87.85	87.98	88.05
EURINR (Nov)	87.84	87.97	88.06	88.20	88.29
GBPINR (Oct)	100.51	100.72	100.94	101.15	101.37
GBPINR (Nov)	100.67	100.87	101.08	101.29	101.50
JPYINR (Oct)	55.61	55.65	55.69	55.73	55.78
JPYINR (Nov)	55.98	56.02	56.06	56.10	56.15

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.25	106.57	-0.29%
US\$INR	83.24	83.27	-0.03%
EURUSD	1.0582	1.0536	0.44%
EURINR	87.78	88.02	-0.27%
GBPUSD	1.2144	1.2140	0.03%
GBPINR	100.77	101.56	-0.77%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.372	7.347	0.025
US	4.990	4.915	0.0749
Germany	2.931	2.924	0.007
UK	4.673	4.657	0.016
Japan	0.840	0.809	0.031

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	191850	175	0.09%
Aluminium	490450	-2325	-0.47%
Zinc	78775	-1550	-1.93%
Lead	108675	575	0.53%
Nickel	43260	-60	-0.14%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 16, 2023						
6:00 PM	US	Empire State Manufacturing Index	-4.6	-6.4	1.9	High
Tuesday, October 17, 2023						
11:30 AM	UK	Average Earnings Index 3m/y	8.10%	8.30%	8.50%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-1.1	-9.5	-11.4	Medium
6:00 PM	US	Retail Sales m/m	0.70%	0.30%	0.60%	High
6:45 PM	US	Industrial Production m/m	0.30%	0.00%	0.40%	Medium
Wednesday, October 18, 2023						
7:30 AM	China	Industrial Production y/y	4.50%	4.30%	4.50%	High
7:30 AM	China	GDP q/y	4.90%	4.50%	6.30%	Medium
11:30 AM	UK	CPI y/y	6.70%	6.60%	6.70%	High
6:00 PM	US	Building Permits	1.47M	1.46M	1.54M	Medium
6:00 PM	US	Housing Starts	1.36M	1.38M	1.28M	Medium
8:00 PM	US	Crude Oil Inventories	-4.5M	-0.5M	10.2M	Medium
Thursday, October 19, 2023						
6:00 PM	US	Unemployment Claims	198K	210K	209K	High
6:00 PM	US	Philly Fed Manufacturing Index	-9.0	-6.7	-13.5	Medium
7:30 PM	US	Existing Home Sales	3.96M	3.89M	4.04M	Medium
9:30 PM	US	Fed Chair Powell Speaks	-	-	-	High
Friday, October 20, 2023						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.45%	3.45%	High
6:45 AM	China	5-y Loan Prime Rate	4.20%	4.20%	4.20%	High
11:30 AM	UK	Retail Sales m/m	-	-0.30%	0.40%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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