

November 16, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

| Commodity/Index | Expiry | Action | Entry | Target | Stop Loss | Time Frame |
|-----------------|----------|--------|-------------|--------|-----------|------------|
| Crude Oil | December | Sell | 6480-6500 | 6300 | 6600 | Intraday |
| USDINR | November | Sell | 83.28-83.29 | 83.10 | 83.40 | Intraday |

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News and Developments

- Spot gold prices slipped yesterday amid firm dollar and rise in US treasury yields. Dollar gained amid better than expected retail sales data from US. Meanwhile, sharp downside was cushioned as US producer prices fell by most in 3½ years in October, indicating of inflation pressures ebbing
- US retail sales dipped 0.1% last month, slightly less than the forecast of 0.3%. Data for September was revised higher to show sales increasing 0.9% instead of the previously reported 0.7% rise.
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increase to 100% from 99.8% a day ago while, prospects of rate cut by 25bps in May 2024 meeting decline to 46.5% from 48.8% a day ago
- Yield on benchmark US 10-year treasury note rose to 4.533% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.914%. Yields edged up after a revision of retail sales data showed strong gains in September
- Crude oil prices fell more than 2% yesterday amid firm dollar, larger than expected rise in US crude oil inventories along with mounting worries about demand in Asia. According to EIA US crude stocks rose by 3.6 million barrels in the week ended 10th November. U.S. gasoline stocks showed strong demand with a surprise draw of 1.5 million barrels last week. Diesel inventories fell more than expected at 1.4 million barrels
- Copper prices rose yesterday amid upbeat economic data from China and as PBOC injected cash into the banking system with one-year policy loans for a 12th straight month, as funding demand will rise to bolster economic growth. China's industrial output rose 4.6% in October, above the consensus for a 4.4% increase and the strongest since April

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

| Commodity | LTP (₹) | Change | LTP (\$) | Change |
|---------------|---------|--------|----------|--------|
| Gold | 60111 | 0.07% | 1959.85 | -0.23% |
| Silver | 72335 | 1.04% | 23.44 | 1.52% |
| Copper | 712.0 | 0.50% | 8265.50 | 0.37% |
| Aluminium | 206.1 | 0.51% | 2232.50 | 0.07% |
| Zinc | 232.8 | 1.39% | 2656.00 | 2.13% |
| Lead | 188.6 | 0.48% | 2246.00 | 2.02% |
| WTI Crude Oil | 6424 | -1.44% | 76.66 | -2.04% |
| US Nat Gas | 270.1 | 3.88% | 3.19 | 2.70% |

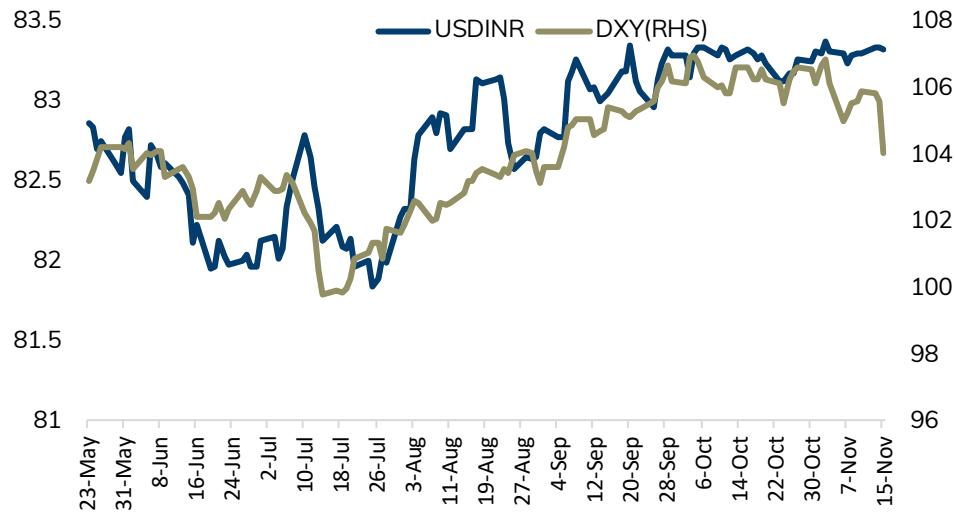
Domestic Currencies

| Futures | Close | % Change | Open Interest | Change in OI | Volume | Change in Vol |
|-------------------|--------|----------|---------------|--------------|---------|---------------|
| USDINR (27th Oct) | 83.12 | -0.24% | 5228166 | -423660 | 3264867 | 2447288 |
| EURINR (27th oct) | 90.28 | 1.29% | 138466 | 18670 | 262722 | 136623 |
| GBPINR (27th Oct) | 103.57 | 1.46% | 188651 | 24445 | 388793 | 247696 |

Daily Strategy Follow-up

| Commodity/Index | Expiry | Action | Entry | Target | Stoploss | Comment |
|-----------------|----------|--------|-------------|--------|----------|---------------------|
| Natural Gas | November | Sell | 262-263 | 253 | 268 | Stop Loss Triggered |
| Eurinr | November | Buy | 90.18-90.20 | 90.50 | 90.00 | Not Initiated |

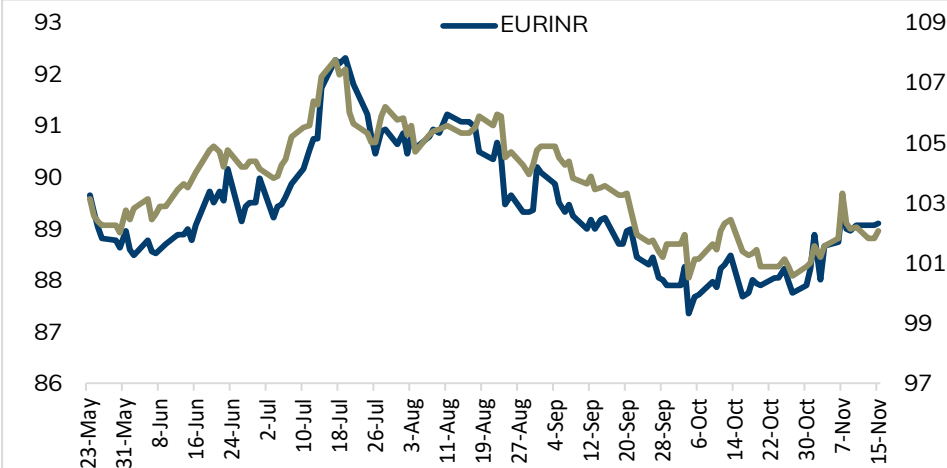
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee strengthened on Wednesday, amid softness in the dollar. Decline in the key US CPI numbers has increased the bets that the Fed will cut the rates by May next year.
- Rupee is expected to appreciate towards the 83.00 mark amid correction in the dollar. The cooling US CPI and PPI numbers has raised the bets that the Fed has done with the rate hike cycle. Further, weakness in the crude oil prices and increasing probability of interest rate cut in May next year would also weigh on the dollar. USDINR is likely to move back towards 83.00 mark, as long as it stays under 83.30. Only move below 83.00 it would open the doors towards 82.80.

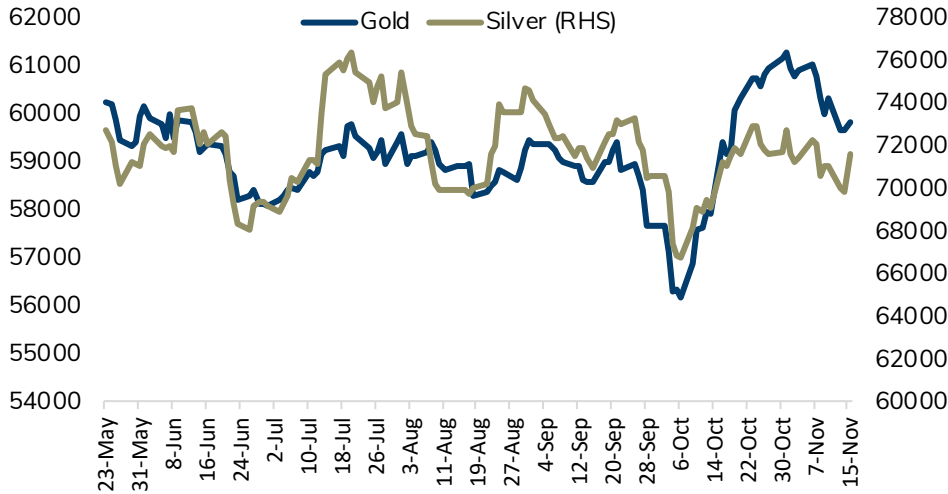
EURINR vs. GBPINR



Euro and Pound Outlook

- The Euro took a pause in its rally amid weaker economic numbers from the Euro zone. The Eurozone industrial production numbers fell more than expected. The pair is likely to find support near 1.080 and move higher towards 1.0880 amid softness in the dollar. Meanwhile, traders will eye on comments from the ECB President to get more clarity on the future rate path. EURINR is likely to find the floor near 89.80 and move higher towards 90.60.
- Pound lost more than 0.50% after a sharp rally amid recovery in the dollar. The pair is expected to rise towards 1.2450 as long as it holds above 1.2330. GBPINR is expected to hold 102.80 and move higher towards 103.50. Only close above 103.50 it would open the doors towards 104.00.

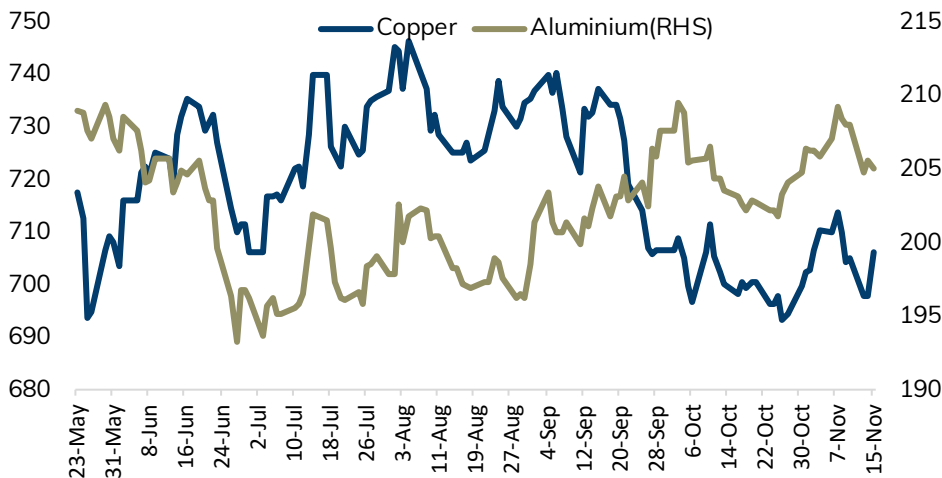
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise back towards \$1970 level as long as it sustains above \$1945 levels amid expectation of correction in dollar and US treasury yields. Yields will slip further as both CPI and PPI data signaled that price pressure is ebbing and will continue to pull back adding to the expectation that US Fed is down with hiking interest rates. Additionally, demand for safe haven may increase on ongoing tension in Middle East.
- MCX Gold prices is likely to move north towards 60,400 level as long as it trades above the support level of 59,750 levels
- MCX Silver is expected to rise back towards 73,200 level as long as it sustains above 71,500 level.

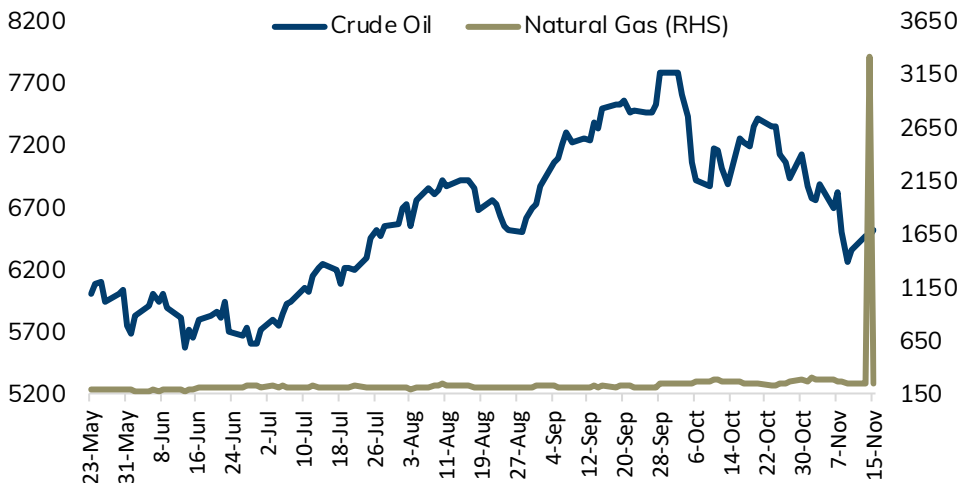
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid expectation of correction in dollar and hopes for more measures for China's property sector. Additionally, improved economic data from China boosted market sentiments. Meanwhile, investors will remain cautious ahead of economic data from US to gauge economic health of the country along with speeches from FOMC members to get cues on interest rate outlook
- MCX Copper is likely to rise towards 715 level, as long as it stays above 705 level. A move above 715 would open the doors towards 718 levels.
- MCX aluminium is expected to move up towards 207.50 level as long as it stays above 205.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$75.00 as long as it trades below \$77.50 on larger than expected increase in weekly crude oil inventories and worries over lackluster global demand. Meanwhile, sharp downside may be cushioned as the International Energy Agency joined OPEC in raising oil demand growth forecasts for this year
- MCX Crude oil is likely to slip further towards 6300 levels as long as it trades below 6600 levels.
- MCX Natural gas is expected to rise towards 278 level as long as it trades above 265 level amid forecasts for colder weather and more heating demand through the end of November than previously expected and as record amounts of gas flows to liquefied natural gas export plants

Daily Commodity Pivot Levels

| Commodity | S2 | S1 | Pivot | R1 | R2 |
|-----------|-------|-------|-------|-------|-------|
| Gold | 59761 | 59936 | 60190 | 60365 | 60619 |
| Silver | 71258 | 71796 | 72260 | 72798 | 73262 |
| Copper | 706.2 | 709.1 | 711.0 | 713.9 | 715.8 |
| Aluminium | 204.6 | 205.4 | 205.9 | 206.6 | 207.1 |
| Zinc | 227.4 | 230.1 | 232.0 | 234.7 | 236.6 |
| Lead | 186.5 | 187.5 | 188.1 | 189.2 | 189.8 |
| Crude Oil | 6300 | 6362 | 6455 | 6517 | 6610 |
| Nat Gas | 250 | 260 | 266 | 276 | 283 |

Daily Currency Pivot Levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Nov) | 82.93 | 83.03 | 83.11 | 83.21 | 83.29 |
| US\$INR (Dec) | 82.99 | 83.08 | 83.17 | 83.26 | 83.35 |
| EURINR (Nov) | 90.06 | 90.17 | 90.32 | 90.43 | 90.58 |
| EURINR (Dec) | 90.20 | 90.31 | 90.45 | 90.56 | 90.70 |
| GBPINR (Nov) | 103.32 | 103.44 | 103.64 | 103.76 | 103.95 |
| GBPINR (Dec) | 103.38 | 103.50 | 103.68 | 103.80 | 103.98 |
| JPYINR (Nov) | 55.09 | 55.25 | 55.36 | 55.53 | 55.64 |
| JPYINR (Dec) | 55.45 | 55.59 | 55.69 | 55.83 | 55.93 |

Major Currency Pairs

| Currencies | Close | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY | 104.39 | 104.05 | 0.33% |
| US\$INR | 83.15 | 83.33 | -0.22% |
| EURUSD | 1.0848 | 1.0879 | -0.28% |
| EURINR | 90.24 | 89.07 | 1.31% |
| GBPUSD | 1.2416 | 1.2499 | -0.66% |
| GBPINR | 103.62 | 102.02 | 1.56% |

10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change |
|---------|-------|------------|--------|
| India | 7.220 | 7.281 | -0.061 |
| US | 4.531 | 4.447 | 0.0841 |
| Germany | 2.644 | 2.600 | 0.044 |
| UK | 4.227 | 4.152 | 0.075 |
| Japan | 0.802 | 0.862 | -0.06 |

US Crude Stocks Change (Barrels)

| Release Date | Time (IST) | Actual | Forecast |
|--------------|------------|--------|----------|
| 11/15/2023 | 8:00 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 |
| 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 |

LME Warehouse Stocks (Tonnes)

| Commodity | Current Stock | Change in Stock | % Change |
|-----------|---------------|-----------------|----------|
| Copper | 180000 | 2775 | 1.57% |
| Aluminium | 481750 | 22650 | 4.93% |
| Zinc | 70150 | -2325 | -3.21% |
| Lead | 133900 | 850 | 0.64% |
| Nickel | 42534 | 1860 | 4.57% |

| Date & Time (IST) | Country | Data & Events | Actual | Expected | Previous | Impact |
|------------------------------|---------|----------------------------------|--------|----------|----------|--------|
| Monday, November 13, 2023 | | | | | | |
| 5:30 PM | IND | Inflation Rate YoY | 4.87% | 5.20% | 5.02% | High |
| Tuesday, November 14, 2023 | | | | | | |
| 12:30 PM | UK | Claimant Count Change | 17.8K | 15.0K | 20.4K | High |
| 12:30 PM | UK | Average Earnings Index 3m/y | 7.9% | 7.4% | 8.1% | Medium |
| 3:30 PM | Europe | Flash GDP q/q | -0.1% | -0.1% | -0.1% | Medium |
| 3:30 PM | Europe | German ZEW Economic Sentiment | 9.8 | 4.9 | -1 | Medium |
| 7:00 PM | US | CPI y/y | 3.2% | 3.3% | 3.7% | High |
| Wednesday, November 15, 2023 | | | | | | |
| 7:30 AM | China | Industrial Production y/y | 4.60% | 4.5% | 4.5% | High |
| 7:30 AM | China | Retail Sales y/y | 7.6% | 7.1% | 5.5% | Medium |
| 12:30 PM | UK | CPI y/y | 4.60% | 4.70% | 6.70% | High |
| 3:30 PM | Europe | Industrial Production m/m | -1.10% | -0.90% | 0.60% | Medium |
| 7:00 PM | US | Retail Sales m/m | -0.1% | -0.3% | 0.7% | High |
| 7:00 PM | US | PPI m/m | -0.5% | 0.1% | 0.5% | High |
| 7:00 PM | US | Empire State Manufacturing Index | 9.1 | -3.30 | -4.60 | High |
| 9:00 PM | US | Crude oil Inventories | 3.6M | 2.5M | 13.9M | Medium |
| Thursday, November 16, 2023 | | | | | | |
| 2:00 PM | UK | Unemployment Claims | | - | 217k | Medium |
| 7:00 PM | US | Philly Fed Manufacturing Index | | - | -9 | Medium |
| 7:45 PM | US | Industrial Production m/m | | - | 0.3% | Medium |
| Friday, November 17, 2023 | | | | | | |
| 12:30 PM | UK | Retail Sales m/m | | - | -0.9% | High |
| 3:30 PM | Europe | Final CPI y/y | | - | 2.9% | Medium |
| 7:00 PM | US | Building Permits | | - | 1.47M | Medium |

Source: Bloomberg, Reuters, ICICI Direct Research



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