

September 26, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	October	Sell	715.50-716	708	720	Intraday
GBP/INR	October	Sell	101.75-101.76	101.40	101.95	Intraday

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News and Developments

- Spot Gold prices edged lower yesterday amid strong dollar and surge in US treasury yields. Additionally, policymakers warned of further rate hikes even after voting to hold the benchmark rate steady last week
- Chicago Fed President Austan Goolsbee said that inflation staying stuck above the Fed's 2% target remains a greater risk than tight central bank policy slowing the economy
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 81.5% from 72.5% a day ago while, prospects for increase by 25bps in November meeting has moved down to 18.5% from 27.5% a day ago
- US treasury yields moved higher yesterday on expectations that US Federal Reserve was likely to keep interest rates at elevated levels for longer than initially anticipated. Yield on benchmark US 10-year treasury note rose to 4.537% and 2-year treasury yield, which typically moves in step with interest rate expectations moved higher to 5.129%
- Crude oil prices slipped on strong dollar and on fears that elevated interest rates could hurt economic growth and curb oil demand. Further, Russia approved changes to its fuel export ban, lifting restrictions for fuel used as bunkering for some vessels and diesel with high Sulphur content
- Copper prices edged lower due to strong dollar, pessimistic global market sentiments and concern over Chinese demand. Further, major central banks signalled that monetary policy would remain restrictive for longer duration than initially estimated. Moreover, rising inventories at LME registered warehouses added downside pressure.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58701	-0.42%	1915.92	-0.48%
Silver	72150	-1.62%	23.14	-1.79%
Copper	713.9	-0.61%	8145.50	-0.93%
Aluminium	205.0	-0.39%	2233.50	-0.31%
Zinc	224.8	-0.73%	2532.00	-1.17%
Lead	187.7	0.00%	2181.00	-1.49%
WTI Crude Oil	7469	-0.05%	89.68	-0.39%
US Nat Gas	217.4	-0.59%	2.64	0.08%

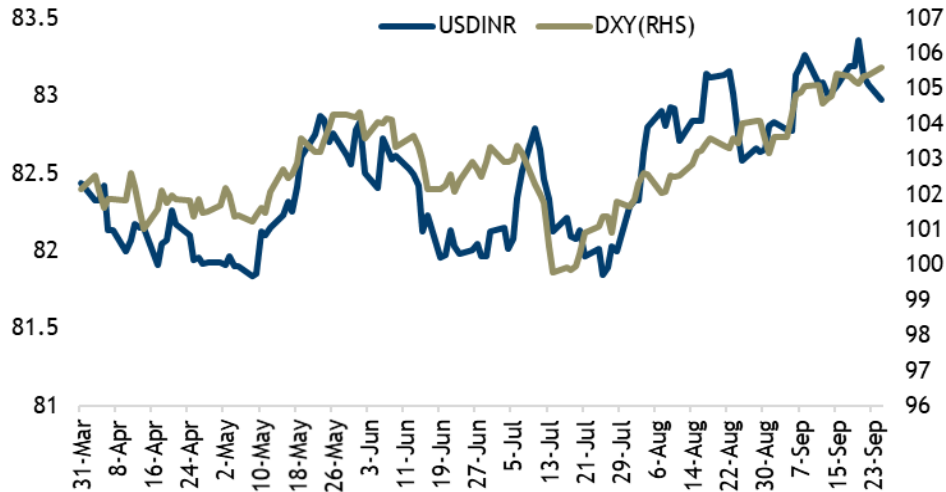
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.14	0.21%	2571598	-724402	2625220	319559
EURINR (26th Sep)	88.47	0.18%	59633	-38387	150547	16028
GBPINR (26th Sep)	101.80	0.10%	139556	-39086	175559	-65673

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude oil	October	Buy	7450-7455	7600	7350	Profit Booked
GBPINR	September	Sell	101.85-101.86	101.5	102.05	Profit Booked

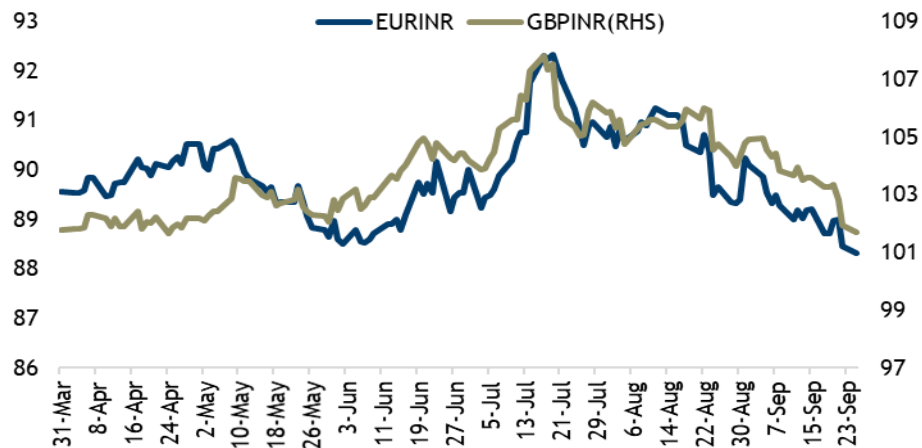
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated again on Monday amid higher crude oil prices and strong dollar. The dollar index rallied to fresh six month highs on Monday due to rise in 10-year US government yields.
- USDINR is expected to move towards the higher end of the consolidation range 82.80-83.30 amid strong dollar. However, the optimism of bond index inclusion is likely to prevent the depreciation in the rupee. Meanwhile, expectation of weaker set of economic numbers from US could also restrict the upside in the dollar. USDINR is expected to face the resistance near 83.30. Only a sustained move above 83.30 would rise towards 83.40.

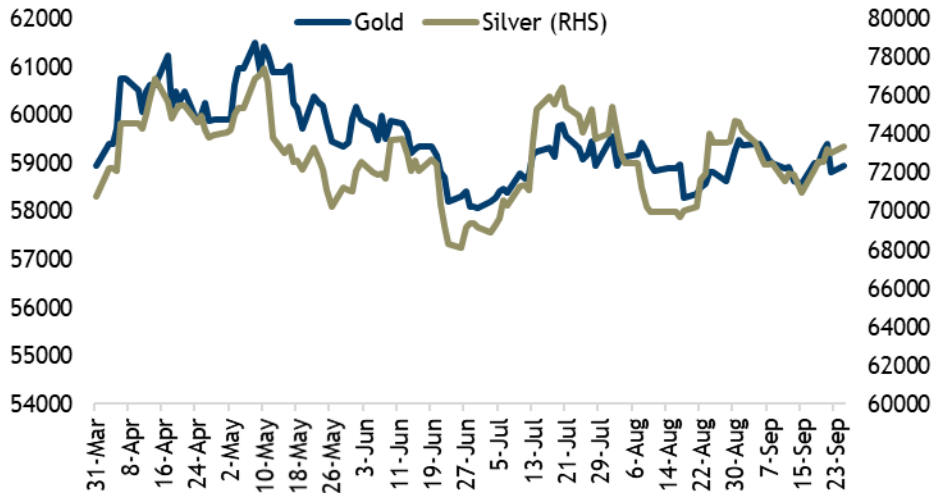
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro lost more than 0.50% on Monday amid strong dollar and dovish comments from the ECB members. The Euro is likely to remain under pressure amid increasing probability of pause in the rate hike cycle by the ECB. Further weaker economic growth could also hurt the pair. Euro could face the resistance near 1.0630 and weaken further towards 1.0540. EURINR is likely to face the hurdle near 88.60 and weaken towards 88.00.
- The pound hit fresh six month lows on Monday amid strong dollar and sluggish growth outlook in UK. The pair is expected to slide towards 1.2160 as long as it trades under 1.2260. Only close below 1.2160 would weaken further towards 1.21. GBPINR is expected to move towards 101.20, as long as the pair trades below 102.20.

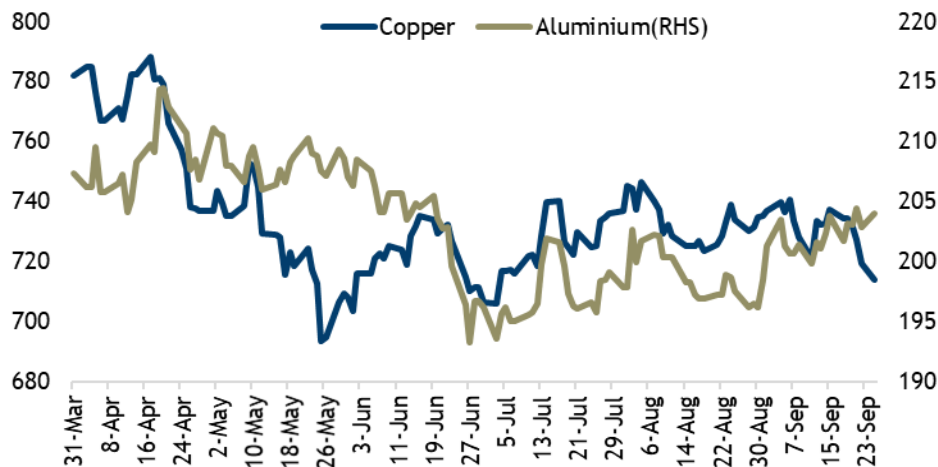
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to slip towards \$1900 levels as long as it sustains below \$1925 levels amid firm Dollar and US treasury yields across curve. US treasury yields are moving up on anticipation that borrowing cost may remain elevated for longer period than initially forecasted. On top of it Fed officials flagged that interest rates would remain higher for longer. Meanwhile, market will remain cautious ahead of PCE index data, Fed's preferred inflation gauge scheduled later in this week to get cues on interest rate outlook
- MCX Gold prices is likely to move south towards 58,350 level as long as it trades below the resistance level of 58,900 levels
- MCX Silver is expected to follow gold prices and move lower towards 71,250 level as long as it sustains below 72,700 level

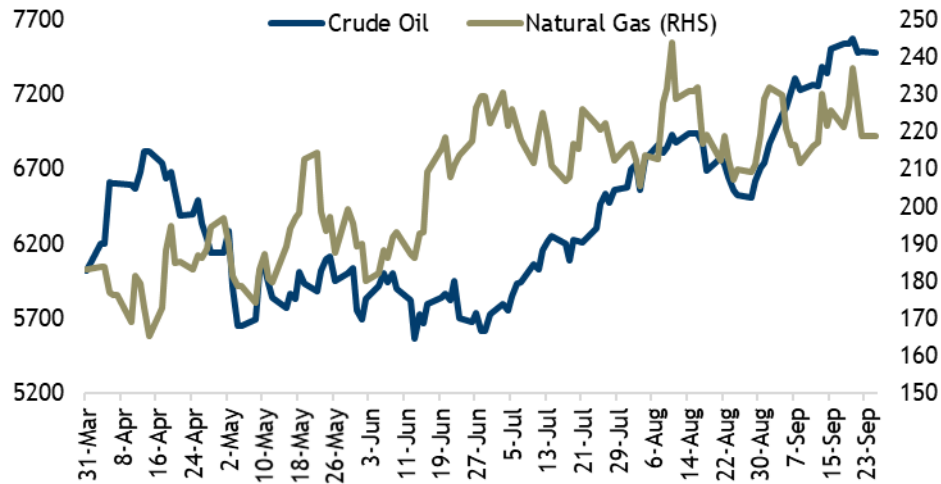
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid firm dollar, weak global market sentiments and rising inventories at LME registered warehouses. Copper stocks are up more than 200% since mid-July. Market sentiments are hurt as key central banks reinforced message that interest rates will remain higher for longer. Additionally, expectation of disappointing economic data from US will hurt prices. US Consumer confidence is forecasted to have extended its decline in September.
- MCX Copper may slip further towards 707 levels as long as it trades below 720 levels
- MCX aluminium is expected to move downward towards 203.50 level as it will face hurdle near 205.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip further till \$88 levels amid strong dollar and risk aversion in the global markets. Further, investors fear that fuel demand will be hurt by major central bank holding interest rates higher for longer duration. Additionally, rating agency Moody's said that US government shutdown would harm the country's credit. Moreover, Russia eased its temporary ban on gasoline and diesel exports. Meanwhile, further downside may be limited on concerns over tighter global supplies
- MCX Crude oil is likely to move down towards 7300 level as long as it sustains below 7500 levels
- MCX Natural gas October 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	58471	58586	58791	58906	59111
Silver	70993	71571	72604	73182	74215
Copper	707.2	710.6	715.4	718.8	723.6
Aluminium	202.8	203.9	204.7	205.8	206.6
Zinc	222.9	223.8	224.9	225.8	226.9
Lead	186.8	187.2	187.8	188.3	188.9
Crude Oil	7338	7403	7478	7543	7618
Nat Gas	214	216	219	221	224

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.98	83.06	83.11	83.19	83.24
US\$INR (Oct)	83.04	83.14	83.20	83.31	83.37
EURINR (Sep)	88.21	88.34	88.46	88.59	88.70
EURINR (Oct)	88.43	88.56	88.68	88.81	88.93
GBPINR (Sep)	101.44	101.62	101.73	101.91	102.02
GBPINR (Oct)	101.61	101.78	101.89	102.07	102.18
JPYINR (Sep)	55.87	55.94	56.02	56.09	56.17
JPYINR (Oct)	56.17	56.30	56.44	56.58	56.72

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.00	105.58	0.39%
US\$INR	83.15	82.94	0.25%
EURUSD	1.0593	1.0653	-0.56%
EURINR	88.42	88.22	0.23%
GBPUSD	1.2211	1.2241	-0.25%
GBPINR	101.68	101.53	0.15%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.154	7.187	-0.033
US	4.533	4.434	0.0997
Germany	2.798	2.739	0.059
UK	4.323	4.249	0.074
Japan	0.736	0.746	-0.01

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/9/2023	8:00 PM	5.9M	2.1M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	163900	1000	0.61%
Aluminium	496550	14250	2.95%
Zinc	101550	-3850	-3.65%
Lead	76200	1900	2.56%
Nickel	41292	0	0.00%

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		105.50	106.10	High
7:30 PM	US	New Home Sales		699K	714K	Medium
Wednesday, September 27, 2023						
6:00 PM	US	Durable Goods Orders m/m		-0.5%	-5.2%	Medium
8:00 PM	US	Crude Oil Inventories		-	-2.1%	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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