

September 29, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	October	Buy	717.50-718	724	714	Intraday
EURINR	October	Buy	87.95-87.96	88.30	87.80	Intraday

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News and Developments

- Spot Gold prices continued to edged lower for 4th consecutive session, it plunged to 6 month low as bets for higher-for-longer US interest rates diminished non-yielding bullion appeal. Additionally, data showed US economy posted a fairly solid pace of growth in the second quarter and a separate weekly report showed a slightly lower than expected rise in jobless claims
- US GDP expanded at an annual rate of 2.1% in Q2 2023 in line with previous estimate. Initial Jobless claims for week ended September came in at 2.04 lakh compared to 2.02 lakh in the previous week
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increase to 85.9% from 77.5% a day ago while, prospects for increase by 25bps in November meeting has moved down to 14.1% from 22.5% a day ago
- US treasury yields fell from multi-year highs on Thursday ahead of inflation data. Yield on benchmark US 10-year treasury note slipped to 4.577% and 2-year treasury yield, which typically moves in step with interest rate expectations moved lower to 5.060%
- Crude oil prices slipped yesterday on worries that higher interest rates environment will hurt global economic growth and weigh on oil demand. Meanwhile, Russia said its ban on fuel exports will remain intact until domestic market stabilises and noted that it has not discussed with OPEC+ for possible supply increase to compensate for fuel export ban
- Copper prices rebounded yesterday amid retreat in dollar and rise in risk appetite in the global markets. Whereas, Zinc prices rallied after daily data showed decline in stocks at LME registered warehouses. On-warrant zinc stocks in LME registered warehouses fell to 57,225 metric tons, their lowest since late May, after fresh cancellations of 19,225 metric tons

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	57128	-0.94%	1864.87	-0.55%
Silver	70600	0.07%	22.62	0.35%
Copper	719.7	1.47%	8217.50	1.28%
Aluminium	207.5	0.97%	2277.50	1.76%
Zinc	229.9	3.54%	2620.50	5.81%
Lead	188.4	0.78%	2195.50	1.97%
WTI Crude Oil	7623	-2.17%	91.71	-2.10%
US Nat Gas	244.7	0.25%	2.95	6.55%

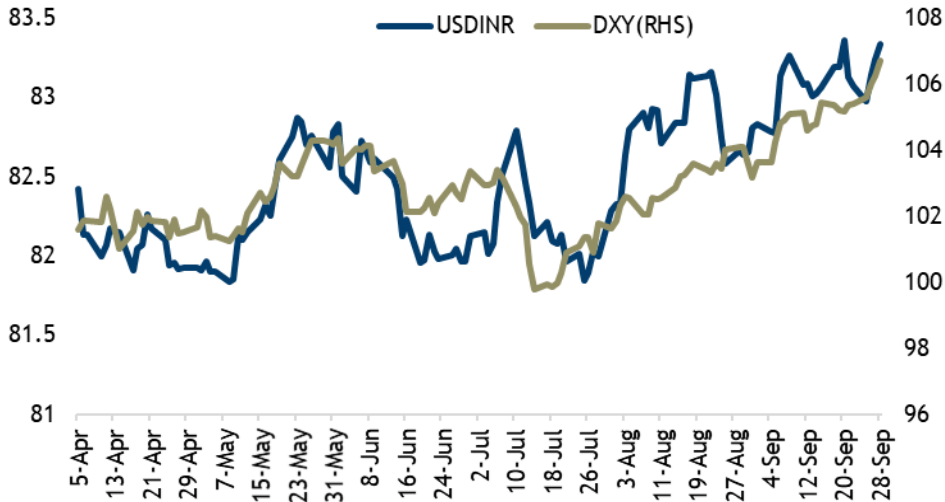
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.29	-0.05%	4055061	89701	1709722	-495632
EURINR (27th oct)	87.93	-0.11%	138387	-2626	189952	45375
GBPINR (27th Oct)	101.64	0.38%	202383	-5498	202072	29882

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	November	Sell	58220-58250	57750	58550	Not Initiated
GBPINR	October	Sell	101.20-101.21	100.8	101.4	Stop Loss Triggered

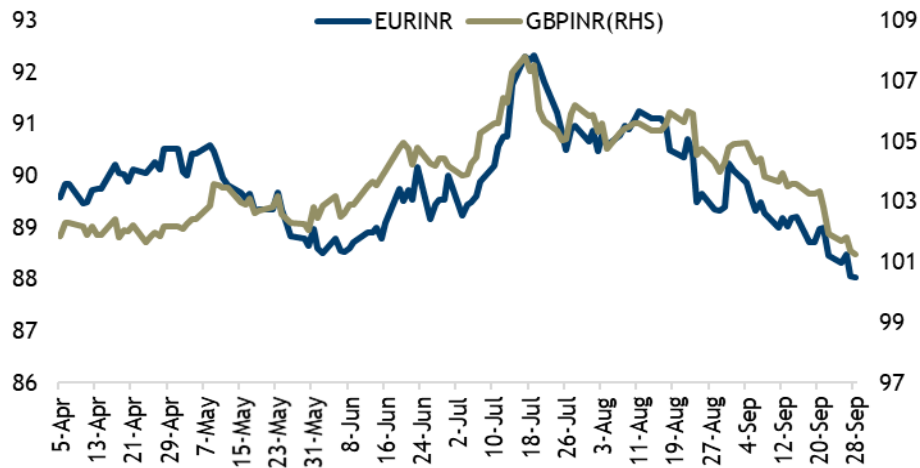
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated on Thursday amid retreat in the dollar index and crude oil prices. Further likely intervention from RBI also prevented the slide in the rupee. The dollar index retreated from its 10-month high amid weaker than expected August pending home sales number.
- USDINR is expected to move towards 83.00 amid retreat in dollar as fears over partial government shutdown as disagreement over federal spending escalates. Meanwhile, investors will remain cautious ahead of the key US core PCE data. The expectation of softness in the US core PCE price index could restrict the upside in the dollar. USDINR is expected to face the hurdle near 83.40 and weaken towards 83.00 level.

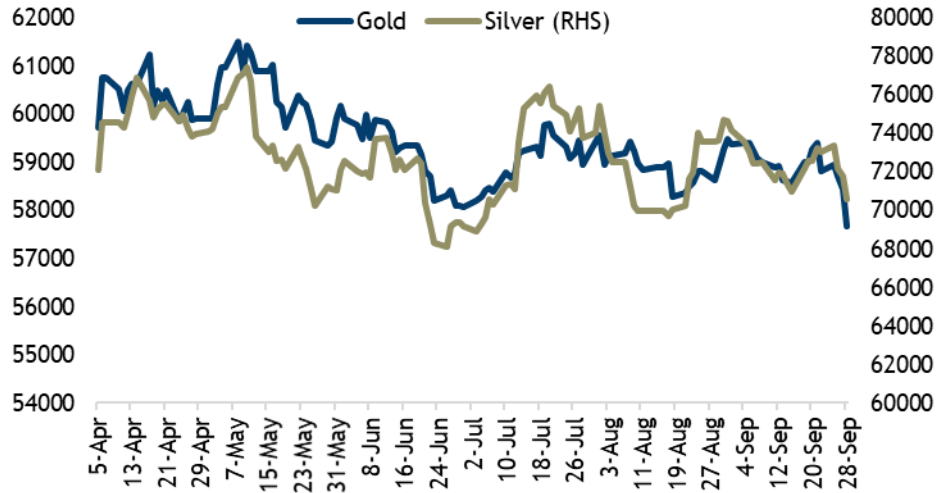
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro rebounded from its multi month support at 1.049 amid retreat in the dollar. Further hawkish comments from the ECB member also supported its recovery. The Euro is expected to find support near 1.05 and move towards 1.06 amid expectation of rise in German retail sales numbers. However, expectation of softness in the CPI could limit its upside. EURINR is likely to rise 88.40 as long as it holds above 87.30.
- The pound gained more than 0.50% yesterday amid fall in the dollar. The pair is expected to find support near 1.2140 and rebound towards 1.2260. Meanwhile, investor will keep an eye on key final GDP numbers from the region. GBPINR is expected to move towards 102.10, as long as the pair trades above 101.00.

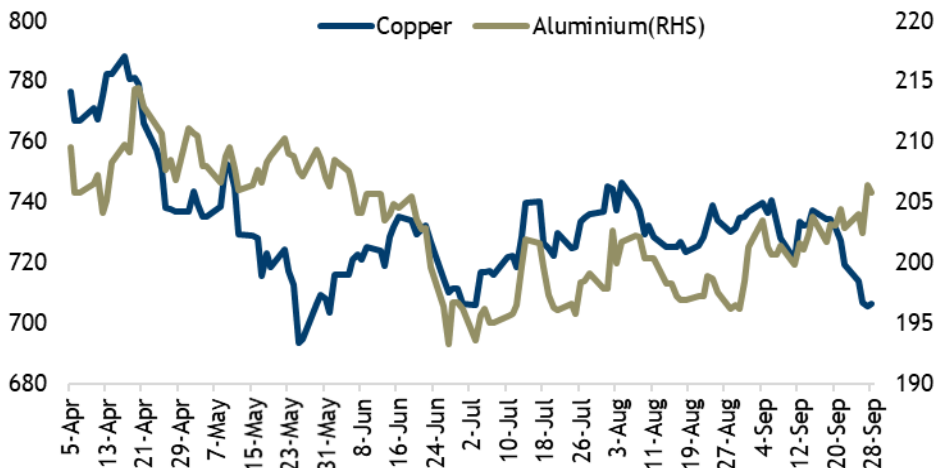
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$1850 levels and move back towards \$1880 levels amid retreat in dollar and US treasury yields across curve and fears over US partial government shutdown as disagreement over federal spending escalates. Further, Federal Reserve bank of Richmond President Thomas said its unclear whether more monetary policy changes will be needed in coming months. Additionally, market will remain cautious ahead of PCE index data, Fed's preferred inflation gauge scheduled today to get cues on interest rate outlook.
- MCX Gold prices is likely to move north towards 58,200 level as long as it trades above the support level of 57,700 levels
- MCX Silver is expected to follow gold prices and move higher towards 71,500 level as long as it sustains above 70,000 level

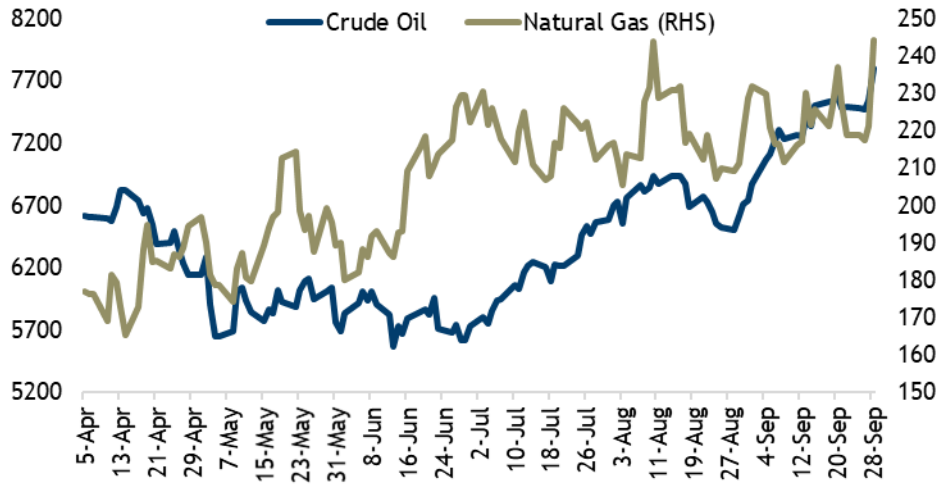
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar, expectation of better economic data from key economies and improved global market sentiments. Market sentiments improved as Oil prices fell and US treasury yields pulled back from their highest levels in 16 years. Moreover, expectation of better economic figures from China would be supportive for prices. China's Manufacturing PMI data is likely to show that activity in sector expanded in September after contracting for 5 consecutive month.
- MCX Copper may rise further towards 724 levels as long as it trades above 714 levels
- MCX aluminium is expected to move upward towards 209 level as long as it stays above 206 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move back towards \$93 levels amid weak dollar and improved global market sentiments. Further, GDP data from US showed economy maintained fairly strong pace of growth in Q2 2023 and appears to have gathered momentum this quarter. Moreover, China's week-long Golden week holiday would be supportive for the prices. Additionally, China's factory activity likely steadied in September, signalling stabilisation has begun in world's second largest economy
- MCX Crude oil is likely to hold the support near 7530 level and rise back towards 7700 levels
- MCX Natural gas is expected to move upwards towards 250 level as long as it stays above 235 level amid outlook for colder weather. However, gains may be limited as weekly EIA inventories rose 90bcf

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	56646	56887	57267	57508	57888
Silver	69851	70225	70687	71061	71523
Copper	702.1	710.9	716.0	724.8	729.8
Aluminium	203.9	205.7	206.9	208.7	210.0
Zinc	217.9	223.9	227.5	233.5	237.1
Lead	185.8	187.1	187.8	189.1	189.9
Crude Oil	7436	7529	7707	7800	7978
Nat Gas	236	240	244	249	253

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.15	83.22	83.30	83.37	83.45
US\$INR (Nov)	83.29	83.35	83.40	83.46	83.52
EURINR (Oct)	87.38	87.65	87.80	88.08	88.23
EURINR (Nov)	87.59	87.85	88.00	88.26	88.41
GBPINR (Oct)	100.78	101.21	101.46	101.89	102.15
GBPINR (Nov)	100.96	101.39	101.64	102.06	102.31
JPYINR (Oct)	56.00	56.06	56.13	56.19	56.25
JPYINR (Nov)	56.39	56.47	56.56	56.64	56.73

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.22	106.67	-0.41%
US\$INR	83.19	83.23	-0.05%
EURUSD	1.0566	1.0503	0.60%
EURINR	87.69	87.90	-0.24%
GBPUSD	1.2203	1.2135	0.56%
GBPINR	101.46	101.13	0.33%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.241	7.170	0.071
US	4.575	4.608	-0.0327
Germany	2.930	2.843	0.087
UK	4.484	4.358	0.126
Japan	0.761	0.741	0.02

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	167825	-25	-0.01%
Aluminium	490275	-3025	-0.61%
Zinc	105375	-1700	-1.59%
Lead	76575	-75	-0.10%
Nickel	41982	354	0.85%

Economic Calendar

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%	0.3%	High
6:00 PM	US	Final GDP q/q	2.1%	2.3%	2.1%	High
6:00 PM	US	Unemployment Claims	204k	213k	201k	High
7:30 PM	US	Pending Home Sales m/m	-7.10%	-1.10%	0.50%	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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