

November 20, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Buy	709-709.5	715	706	Intraday
EURINR	November	Buy	90.69-90.70	91.00	90.50	Intraday

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News and Developments

- Spot gold prices remained steady on Friday amid weakness in dollar and US treasury yields. Dollar lost its steam amid growing expectations that US Fed is done with its rate hike campaign. Market is now pricing in interest rate cuts as early as May next year amid weaker than expected economic data from US
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting stood at 100% while, prospects of rate cut by 25bps in May 2024 meeting increased to 62% from 47.8% a day ago
- Yield on benchmark US 10-year treasury note edged up to 4.439% and 2-year treasury yield, which typically moves in step with interest rate expectations moved higher to 4.890%. Yields remained under pressure as the data in this week showed consumer inflation are cooling faster than expected, while labor market is showing signs of strain, supporting the market view of pause in rate hike in December meeting and possible rate cut as early as May
- Crude oil prices rallied more than 4% on Friday, rebounding from 4 month low amid weak dollar and as U.S. imposed sanctions on maritime companies and vessels for shipping Russian oil sold above the Group of Seven's price cap.
- Copper prices rallied on Friday amid weak dollar and worries about potential tightening of supply from mines. First Quantum Minerals reduced ore processing at Cobre Panama, as protest against the project blocked port access. Additionally, prices moved higher on fresh support from China for its troubled property sector.
- China's central bank and financial regulators pledged to ensure financing support for the property sector and to work together to resolve local government debt risks

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60713	-0.01%	1980.82	0.00%
Silver	73140	-0.30%	23.72	-0.12%
Copper	711.5	0.38%	8267.00	0.57%
Aluminium	203.4	-0.27%	2207.00	-0.38%
Zinc	227.2	-0.46%	2555.00	-0.82%
Lead	190.9	0.69%	2294.00	0.48%
WTI Crude Oil	6299	4.53%	75.89	4.10%
US Nat Gas	244.5	-3.93%	2.96	-3.33%

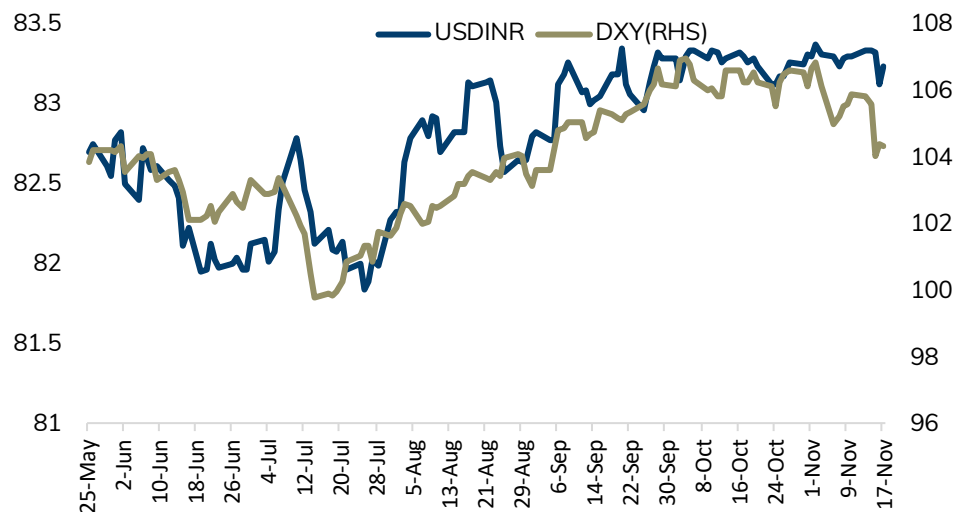
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.27	0.03%	4824450	-316891	1513116	340791
EURINR (27th oct)	90.51	0.19%	158361	5273	173193	21305
GBPINR (27th Oct)	103.48	0.22%	176955	14591	247075	8072

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Sell	709.5-710	702	714	Exit in Loss
USDINR	November	Sell	83.25-83.26	83.10	83.36	Exit at Cost

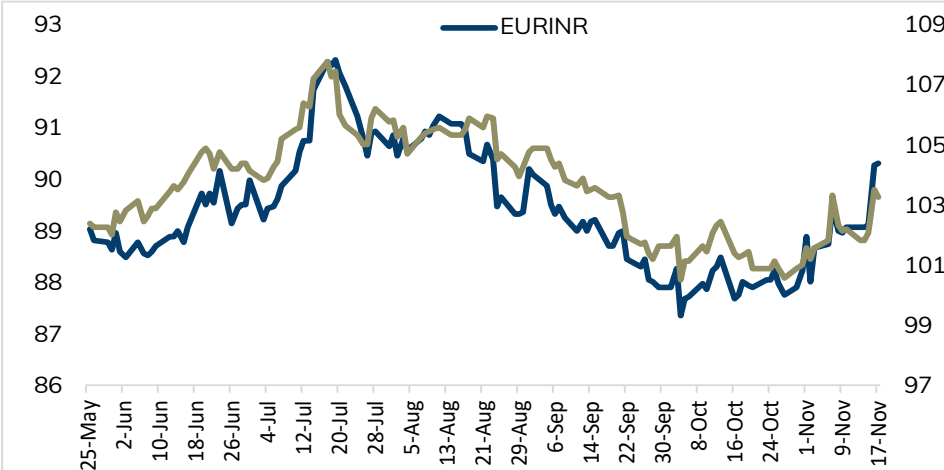
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Friday and settled near 83.27 amid buoyant dollar demand from the local companies. However, the losses got restricted as RBI continued to prevent the rupee from falling below 83.30
- Rupee is expected to appreciate towards 83.10 amid softness in the dollar. The increasing probability of rate cut in April-May 2024 could restrict the upside in the dollar. As per the CME Fed watch tool the probability of rate cut in Apr-May has increased to 62%. Meanwhile, wider trade deficit numbers would limit the upside in the rupee. USDINR is likely to move in the range of 83.10-83.40

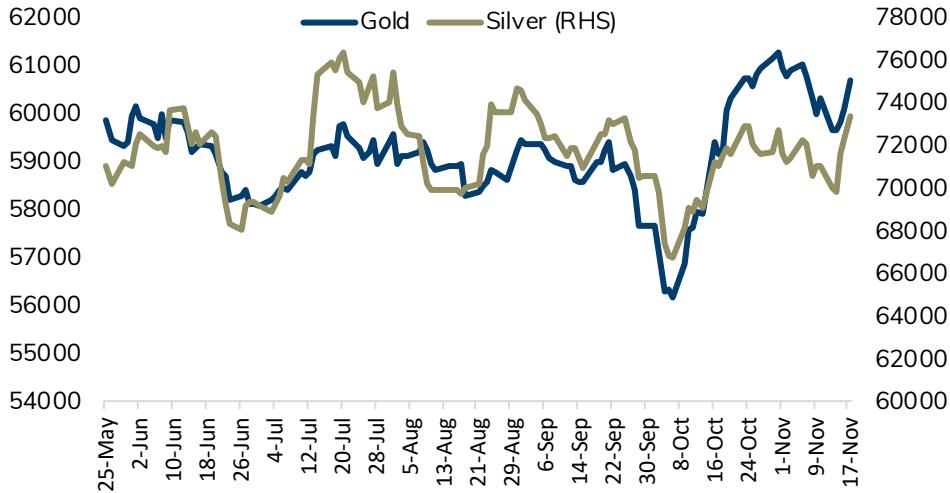
EURINR vs. GBPINR



Euro and Pound Outlook

- The Euro edged higher on Friday and climbed to 2 month high amid weaker dollar. Further, hawkish ECB comments also supported the pair to move beyond 1.09. The pair is likely to find support near 1.0860 and move higher towards 1.0950 amid softness in the dollar. EURINR is likely to extend its gains towards 91.30, as long as it holds above 90.50.
- Pound appreciated against the dollar and scaled back above the 1.2450 mark amid correction in the dollar. The pair is expected to rise towards 1.2520 as long as it holds above 1.24. GBPINR is expected to hold 103.300 and move higher towards 104.00

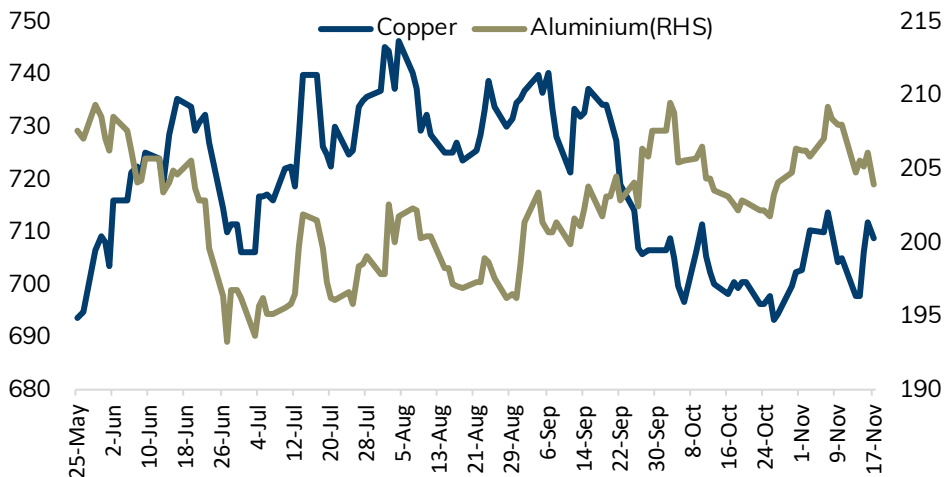
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise back towards \$1992 level as long as it sustains above \$1970 levels amid weak dollar and soft US treasury yields. Dollar is taking back foot after recent economic data from US signaled that economy is cooling, cementing expectation that US Fed is done with hiking interest rates. Now investors focus on how soon Fed would begin easing monetary policy. Additionally, demand for safe haven may increase on rising tension in Middle east as Israel continued its deadly strikes on Gaza, targeting several areas in enclave.
- MCX Gold prices is likely to move north towards 61,000 level as long as it trades above the support level of 60,400 levels
- MCX Silver is expected to rise towards 74,100 level as long as it sustains above 72,700 level.

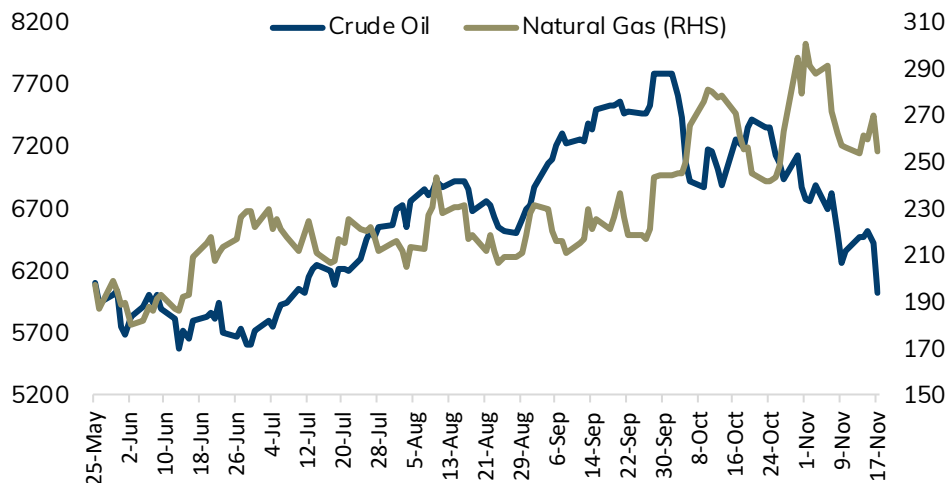
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar and rise in risk appetite in the global markets. Further, prices may rally on concern over tightening of supply from mines and lower inventories. Further, fresh support from China for its distressed property sector will be positive for copper prices. Meanwhile, China kept its benchmark loan prime rate unchanged near record lows
- MCX Copper is likely to rise further towards 715 level, as long as it stays above 706 level. A move above 715 would open the doors towards 718 levels.
- MCX aluminium is expected to rise back towards 204.50 level as long as it stays above 203.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to find the support near \$75.00 and move north towards \$78.00 levels on weak dollar and fears over supply disruption due to rising conflict in Middle east. Additionally, prices may rally on reports that OPEC+ and their allies is set to consider whether to make additional oil supply cuts when it meets on 26 November. Moreover, US oil producers have been cutting the number of active drilling rigs for nearly a year
- MCX Crude oil is likely to find support near 6200 levels and move north towards 6500 levels.
- MCX Natural gas is expected to slip towards 235 level as long as it trades below 250 level amid warmer than normal weather in US and as gas storage rose more than expected

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60415	60564	60782	60931	61149
Silver	72239	72689	73345	73795	74451
Copper	702.5	707.0	709.7	714.2	716.8
Aluminium	202.1	202.7	203.7	204.4	205.4
Zinc	225.1	226.1	227.5	228.5	229.9
Lead	188.2	189.5	190.3	191.6	192.4
Crude Oil	5988	6144	6225	6381	6462
Nat Gas	229	237	248	256	267

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Nov)	83.20	83.23	83.26	83.30	83.33
US\$INR (Dec)	83.22	83.27	83.31	83.36	83.40
EURINR (Nov)	90.04	90.27	90.41	90.64	90.77
EURINR (Dec)	90.19	90.41	90.53	90.76	90.88
GBPINR (Nov)	102.88	103.18	103.36	103.66	103.84
GBPINR (Dec)	102.95	103.24	103.40	103.69	103.86
JPYINR (Nov)	55.19	55.52	55.71	56.05	56.24
JPYINR (Dec)	55.45	55.80	55.99	56.34	56.53

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.92	104.35	-0.41%
US\$INR	83.27	83.24	0.04%
EURUSD	1.0915	1.0852	0.58%
EURINR	90.38	90.33	0.05%
GBPUSD	1.2462	1.2414	0.39%
GBPINR	103.34	103.23	0.10%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.216	7.235	-0.019
US	4.435	4.436	-0.0001
Germany	2.588	2.590	-0.002
UK	4.104	4.151	-0.047
Japan	0.756	0.791	-0.035

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	181275	-675	-0.37%
Aluminium	481775	-2025	-0.42%
Zinc	133050	-150	-0.11%
Lead	135925	0	0.00%
Nickel	44316	54	0.12%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 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
Tuesday, November 21, 2023						
8:30 PM	US	Existing Home Sales	-	3.90M	3.96M	Medium
Wednesday, November 22, 2023						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:00 AM	US	Unemployment Claims	-	226K	231k	High
7:00 AM	US	Durable Goods Orders m/m	-	-3.2%	4.7%	Medium
8:30 PM	US	Revised UoM Consumer Sentiment	-	61.10	60.40	Medium
9:00 PM	US	Crude Oil Inventories	-	-	3.6M	Medium
Thursday, November 23, 2023						
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.2	42.8	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	41.1	40.8	High
2:30 PM	Europe	Flash Manufacturing PMI	-	43.3	43.1	Medium
2:30 PM	Europe	Flash Services PMI	-	48.0	47.8	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	45	44.8	High
3:00 PM	UK	Flash Services PMI	-	49.5	49.5	High
Friday, November 24, 2023						
2:30 PM	Europe	German Final GDP q/q	-	-0.10%	-0.10%	Medium
3:30 PM	Europe	German ifo Business Climate	-	87.5	86.9	Medium
8:15 PM	US	Flash Manufacturing PMI	-	49.9	50	High
8:15 PM	US	Flash Services PMI	-	50.4	50.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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