

October 13, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	October	Sell	281-282	271	288	Intraday
EURINR	October	Sell	88.08-88.10	87.70	88.30	Intraday

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News and Developments

- Gold prices pared most of its gains on Thursday as US dollar and treasury yields regained its strength after US CPI numbers rose more than anticipated in September.
- The CPI in September increased 0.4% last month after a 0.6% gain in August, where as the core CPI numbers remained steady at 0.3%. After the CPI data the probability of rate hike in December has increased to 31% from 26% (CME Fed-Watch tool)
- The US dollar index gained more than 0.6% amid higher than expected CPI numbers and resilient US job market. The weekly jobless claims were unchanged at 209000, showing stronger labor market.
- Crude oil prices gave up all its gains on Thursday after US crude oil inventory increased 10.2M barrels last week. Further, higher production in US has also weighed on the NYMEX crude to slide towards the \$83 mark. In its latest EIA report, the crude oil production estimates in US has increased to 13.2M barrels per day up 300,00 from prior week. Earlier the day oil prices rallied after OPEC said it expects crude stockpiles to slump by 3M barrels per day this quarter.
- Copper prices edged lower amid strong dollar and higher inventory level in LME. Copper inventories in LME registered warehouse has jumped to 181,150 tons, the highest in last 2 years. Further, higher discount for cash over the LME 3-month contracts also weighed on the metal prices.
- US natural gas futures eased losses after the EIA report showed smaller than expected build-up in storage. Further, rising export numbers also supported the gas prices to stay above the 3.30 mark.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	57918	-0.04%	1868.90	-0.29%
Silver	69074	-0.51%	21.83	-0.94%
Copper	702.8	-0.30%	7991.00	-0.41%
Aluminium	205.0	-0.27%	2200.00	-0.63%
Zinc	221.9	-0.38%	2449.50	-1.09%
Lead	186.4	-0.03%	2054.00	-1.89%
WTI Crude Oil	6896	-1.72%	82.91	-0.69%
US Nat Gas	278.5	0.25%	3.34	-0.98%

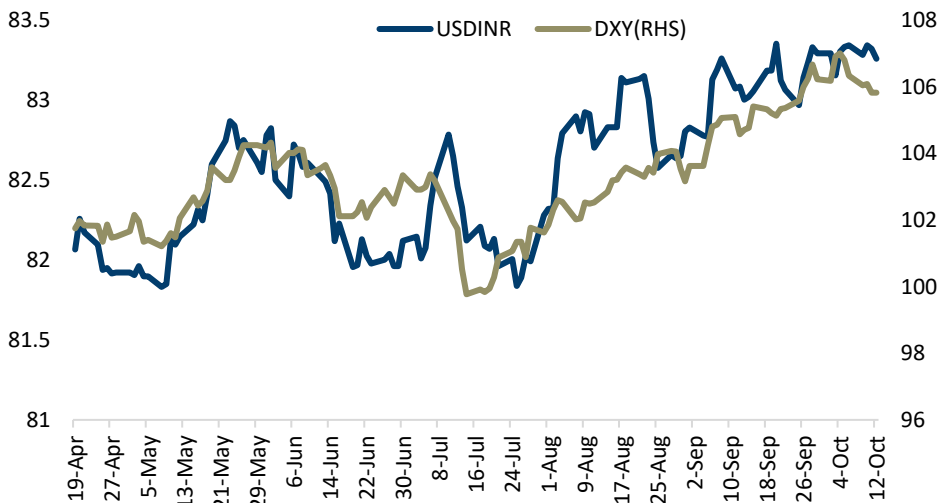
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.29	0.04%	5809750	68026	2065634	632363
EURINR (27th oct)	88.48	0.17%	124104	2651	120470	7706
GBPINR (27th Oct)	102.48	0.12%	167158	1026	189335	9180

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	November	Buy	57550-57280	57960	57330	Profit Booked
USDINR	October	Sell	83.25-83.26	83.05	83.38	Exit

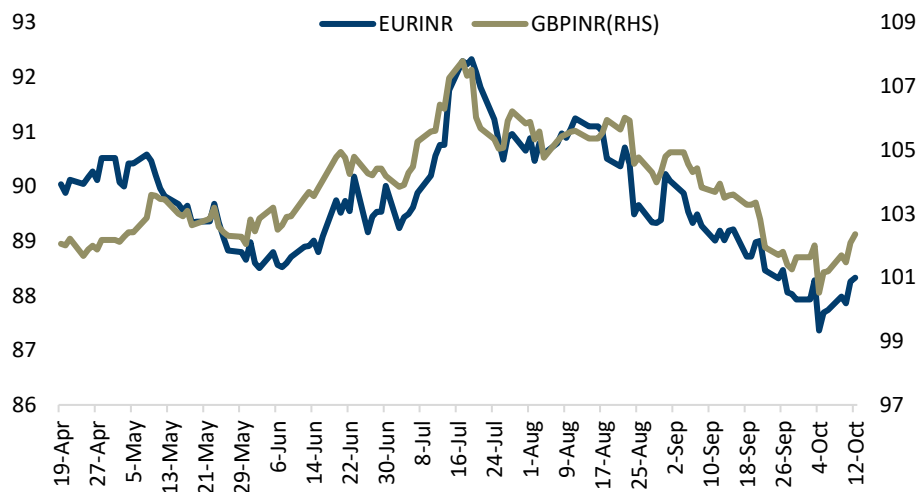
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday ahead of CPI data from India and US. Further, rupee slipped as importers bought dollars
- Rupee is expected to depreciate today amid re-bounce in dollar and surge in US treasury yields across curve. Additionally, escalating tension in Middle East will keep mood cautious across markets. Meanwhile, India's retail inflation cooled down further in month of September. Inflation came below RBI upper tolerance band of 2%-6%. CPI for the month of September increased by 5.02% compared to 6.83% in August. USDINR is likely to rise back towards 83.40 level as long as it sustains above 83.20 levels

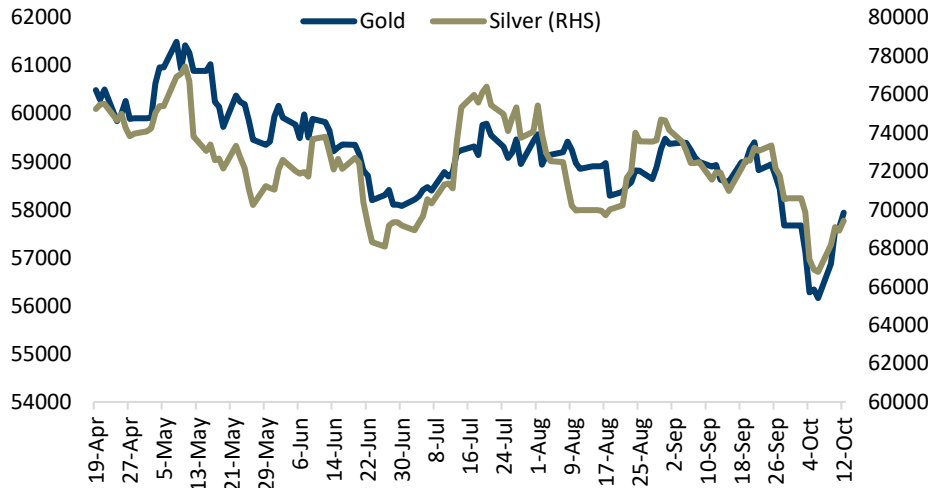
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower yesterday amid strong dollar and weak global market sentiments. Further, pair slipped on dovish comments from ECB Governing Council members Centeno and Wunsch. For today, EURUSD is likely to slip further towards 1.0480 levels as long as it remains below 1.0580 levels amid firm dollar and pessimistic global market sentiments. Additionally, ECB meeting minutes suggest central bank may hit a pause button. EURINR may move south towards 87.70 level as long as it stays below resistance level of 88.30 levels
- Pound is expected to slip towards 1.2110 level amid firm dollar and weak global market sentiments. Further, data showed Britain's economy only partially recovered in August after a sharp decline in preceding month. GBPINR is likely to slip towards 101.40 level as long as it trades below 102.00 level.

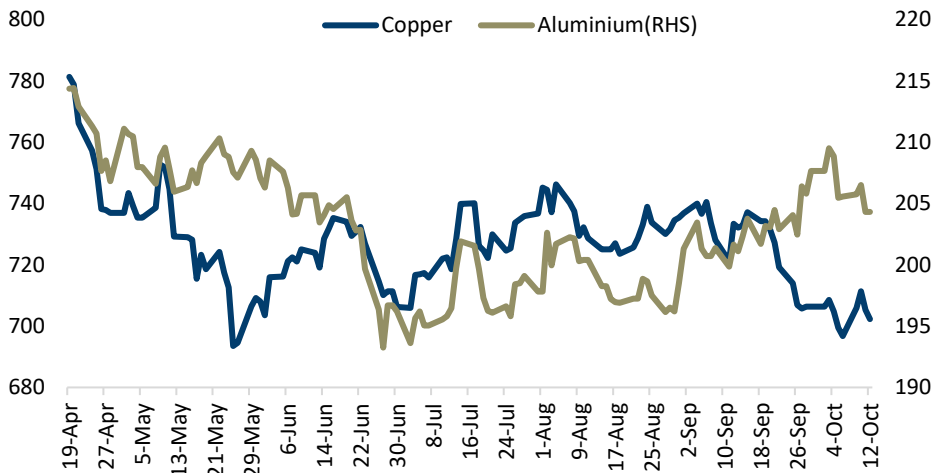
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the hurdle near \$1885 and weaken towards \$1855 amid firm dollar and rise in US treasury yields. The increasing probability of higher for longer US interest rates after rise in US inflation numbers could restrict the upside in the bullions. The CME Fed-watch tool indicates more than 31% probability that the Fed will increase the rates by 25 bps points in December. Meanwhile, investors will remain cautious ahead of the key US consumer sentiment and inflation expectation data.
- MCX Gold prices is likely face the resistance at 58200 and weaken towards 57600
- MCX Silver is expected to weaken towards 68100, as long as it trades under the 70200 mark.

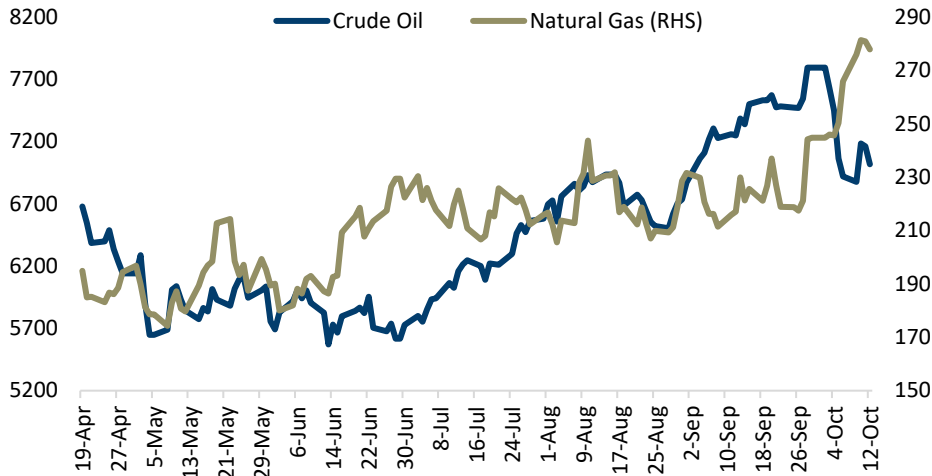
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid strong dollar and higher inventories. The weakness in the Chinese property market would also weigh on the metal prices. Meanwhile, traders will remain cautious ahead of key economic numbers from China.
- MCX Copper is expected to face the hurdle near 708 and weaken towards 695. Only close below 695, it would slide towards 690.
- MCX aluminium is expected to weaken towards 202, as long as it trades under 205.50 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$85 and weaken towards \$81.50 amid stronger dollar and slowing fuel demand in US. However, renewed concerns on supply after the US tightened its sanctioned programme against Russian crude exports could limit the downside in oil prices.
- MCX Crude oil is likely to face the resistance near 7100 and weaken towards 6800. Only a move outside of the range would bring more clarity in the trend. Below 6800 it would slide towards 6650. Likewise above 7100 it can test 7250.
- MCX Natural gas is expected to weaken towards 270, as long as it trades under 288. The forecast of above normal temperature in US would restrict the upside in price.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	57657	57788	58011	58142	58365
Silver	68217	68646	69355	69784	70493
Copper	696.0	699.4	705.6	709.0	715.2
Aluminium	203.3	204.1	205.1	205.9	206.9
Zinc	220.4	221.1	222.4	223.1	224.4
Lead	184.4	185.4	186.4	187.4	188.5
Crude Oil	6742	6819	6960	7037	7178
Nat Gas	269	274	279	284	290

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.13	83.21	83.25	83.33	83.37
US\$INR (Nov)	83.26	83.33	83.36	83.43	83.47
EURINR (Oct)	88.30	88.39	88.49	88.58	88.68
EURINR (Nov)	88.54	88.62	88.71	88.78	88.87
GBPINR (Oct)	102.17	102.32	102.48	102.64	102.80
GBPINR (Nov)	102.35	102.50	102.65	102.79	102.94
JPYINR (Oct)	55.88	55.94	55.99	56.05	56.11
JPYINR (Nov)	56.25	56.30	56.35	56.40	56.45

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.60	105.82	0.74%
US\$INR	83.24	83.19	0.07%
EURUSD	1.0528	1.0620	-0.87%
EURINR	88.38	88.20	0.20%
GBPUSD	1.2175	1.2313	-1.12%
GBPINR	102.39	102.20	0.18%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.299	7.306	-0.007
US	4.697	4.558	0.1387
Germany	2.786	2.718	0.068
UK	4.423	4.328	0.095
Japan	0.758	0.769	-0.011

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/30/2023	8:00 PM	-10.6M	-2.2M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	181150	1475	0.82%
Aluminium	490650	-2000	-0.41%
Zinc	87025	-2025	-2.27%
Lead	88075	2875	3.37%
Nickel	42984	-102	-0.24%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 09, 2023						
11:30 AM	Europe	German Industrial Production m/m	-0.2%	-0.1%	-0.8%	Medium
Tuesday, October 10, 2023						
1:30 PM	Europe	Italian Industrial Production m/m	0.2%	-0.5%	-0.7%	Medium
Tentative	Europe	ECB President Lagarde Speaks	-	-	-	Medium
10:30 PM	US	FOMC Member Waller Speaks	-	-	-	Medium
Wednesday, October 11, 2023						
6:00 PM	US	Core PPI m/m	0.3%	0.2%	0.2%	High
6:00 PM	US	PPI m/m	0.5%	0.3%	0.7%	High
11:30 PM	US	FOMC Meeting Minutes	-	-	-	High
Thursday, October 12, 2023						
11:30 AM	UK	GDP m/m	0.2%	0.2%	-0.5%	High
5:30 PM	India	CPI y/y	5.02%	5.45%	6.83%	High
6:00 PM	US	CPI y/y	3.70%	3.6%	3.7%	High
6:00 PM	US	Unemployment Claims	209K	216K	207K	High
Friday, October 13, 2023						
7:00 AM	China	CPI y/y	0.0%	0.2%	0.1%	High
Tentative	China	Trade Balance	-	510B	488B	Medium
7:30 PM	US	Prelim UoM Consumer Sentiment	-	67.5	68.1	High
7:30 PM	US	Prelim UoM Inflation Expectations	-	-	3.2%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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