

December 22, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62300-62320	62750	62000	Intraday
USDINR	December	Sell	83.25-83.26	83.10	83.35	Intraday

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News and Developments

- Gold prices recouped its earlier losses and marched towards the \$2050 mark after weaker than expected US GDP data fueled the expectation that Federal reserve would cut the rates in the coming year. US third quarter GDP numbers revised down to 4.9% against previous reading of 5.2%.
- The US dollar index slide below the 102 mark on Thursday amid weaker set of economic numbers from US. Along with downward revision in the third quarter US GDP numbers, weakness in the US Philadelphia Fed manufacturing index also weighed on the dollar. Meanwhile, lesser than expected jobless claims numbers last week limited its downside.
- US 10 year treasury yields remained below the 3.90% mark and 2 year yields slide below 4.35% amid increasing bets of Fed rate cut in the coming quarter.
- NYMEX Crude oil futures edged lower on Thursday after Angola announced to leave the OPEC, which has raised the concern in the unity of the group. Further, higher crude oil production in US, which rose to 13.3M bpd last week from the previous all-time high of 13.2M bpd has also weighed on the oil prices to move towards the \$73 mark. The drop in prices comes despite the ongoing disruption to the red sea shipping.
- Copper prices recouped its earlier losses and edged higher yesterday amid softens in the dollar and persistence supply concerns from the major mines. Further, robust consumption and depleting stocks in China also strengthened the red metal.
- NYMEX natural gas futures gained the most on Thursday after the weekly inventory data pointed to larger than expected withdraw in the storage. Further, forecast of colder weather in January also supported the prices to rise more than 5%.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62503	0.14%	2045.95	0.72%
Silver	75426	-0.08%	24.41	1.07%
Copper	726.0	0.01%	8595.50	0.15%
Aluminium	200.0	-1.38%	2244.00	0.13%
Zinc	223.5	-0.84%	2547.00	-1.01%
Lead	179.4	-1.78%	2066.00	-0.79%
WTI Crude Oil	6134	-0.65%	73.89	-0.44%
US Nat Gas	215.3	4.41%	2.57	5.11%

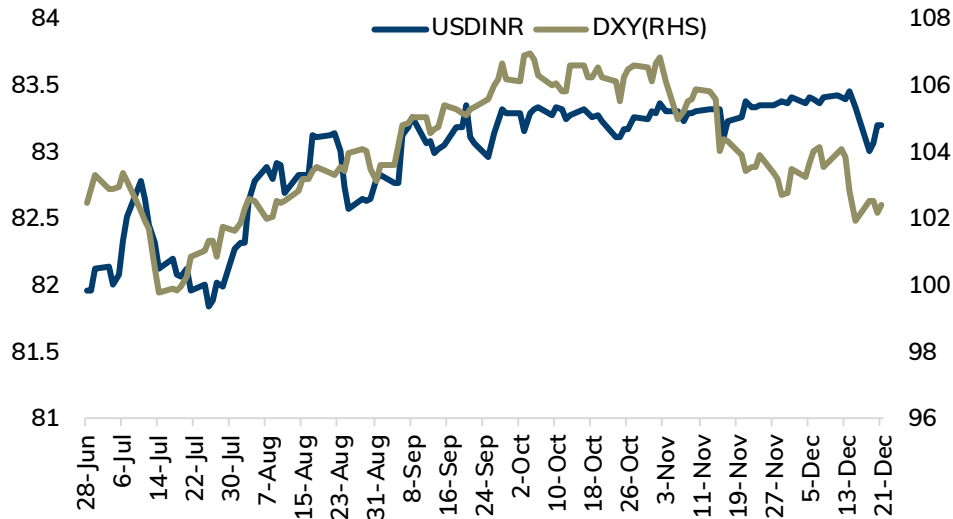
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.27	0.07%	3584797	-106676	1370623	35146
EURINR (27th Dec)	91.24	0.19%	159636	-1321	98142	-27693
GBPINR (27th Dec)	105.32	0.03%	181471	-8285	154960	-33324

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62000-62020	62400	61800	Not Initiated
GBPINR	December	Sell	105.18-105.20	104.80	105.40	Exit in loss

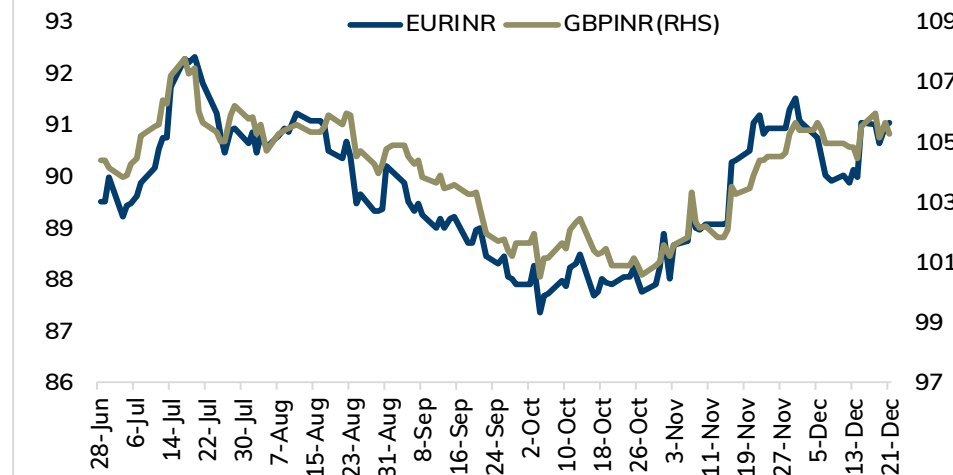
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid dollar demand from importers and rise in crude oil prices. Moreover, investors remained cautious ahead of GDP and Jobless claims data from US to gauge economic health.
- Rupee is likely to appreciate today amid weakness in dollar and softening of US treasury yields. Dollar is moving south as fresh economic data from US signaled that economy is feeling the heat of aggressive rate hikes, which may prompt US Fed to start cutting rates in early 2024. Additionally, investors will remain cautious ahead of core-PCE price index to get new insight into whether inflation is continuing to moderate, as it would boost chances of rate cuts in March 2024. USDINR may slip towards 83.10 level as long as its stays below 83.35 level

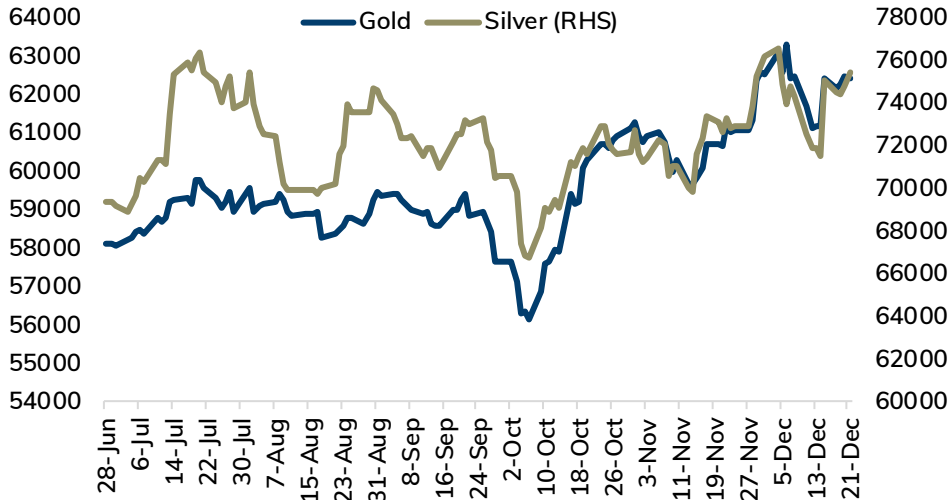
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro rallied by 0.65% yesterday amid weak dollar and hawkish comments from ECB Vice President Guindos. He said euro zone inflation must converge towards 2% before ECB can start cutting rates. For today, EURUSD is likely to rise further towards 1.1050 level as long as its stays above 1.0960 level majorly on the back of soft dollar and hawkish comments from ECB policymakers. Meanwhile, investors will remain cautious ahead of economic data from euro zone to get clues on interest rate outlook. EURINR may rise towards 91.90 level as long as it trades above 91.30 levels
- Pound is likely to rise higher towards 1.2730 level amid weak dollar and expectation of improved retail sales data from Britain. Meanwhile, sharp upside may be capped as recent inflation data prompted investors to bring forward bets on when BOE will start cutting rates. GBPINR is likely to move north towards 105.90 level as long as it stays above 105.30 levels

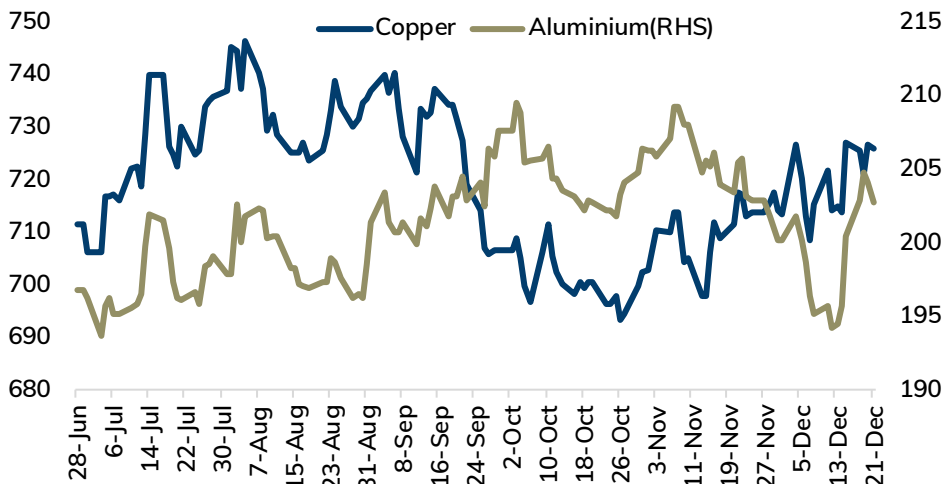
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to move higher towards \$2060, as long as it trades above the \$2030 mark amid weakness in the dollar and fall in US treasury yields. Weaker set of economic numbers from US would raise the probability of rate cuts in the coming year. The CME FedWatch tool suggest more than 70% probability of 25 bps cuts in Mar and May 2024. Meanwhile, focus will remain on key US PCE price index and consumer sentiment numbers, which may bring more clarity on the futures interest path.
- MCX gold is expected to rise towards 62,900, as long as it holds above 62,300. Only close above 62,900 would open the doors towards 63,300.
- MCX silver is likely to extend its gains towards 76,200, as long as it trades above 74,600.

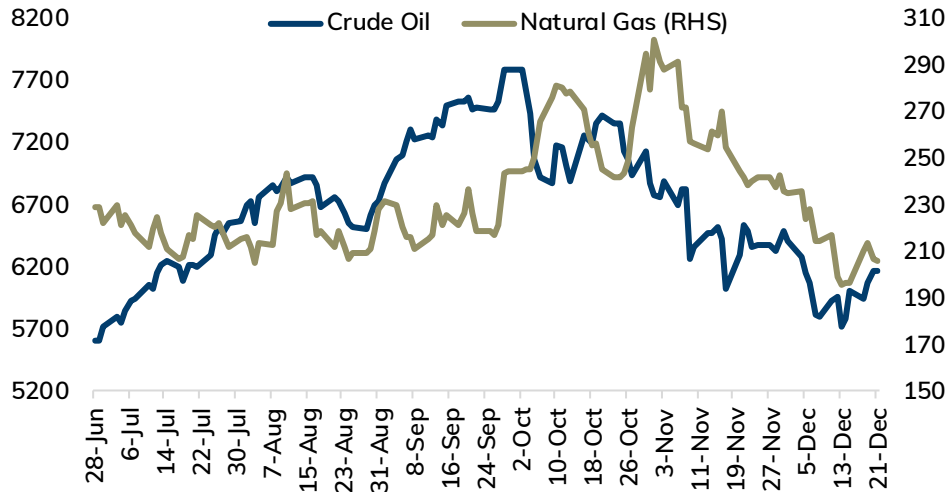
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its ground and trade with a positive bias amid weakness in the dollar and strong demand from China. Robust demand driven by decarbonization and persistence supply concerns would also support the metal to over come the weak manufacturing activity. Meanwhile, investors will keep an eye on key inflation number from the US to get more clarity on price trend.
- MCX Copper December is expected to move in the range of 721 and 732. Only a move above 731, it would open the doors towards 736.
- Aluminium is expected to weaken further amid weaker Aluminium import numbers from China in November. MCX Aluminium would likely to slide towards 198, as long as it trades under the 202 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are likely to move in the tight range of \$72.50-75.50 amid mix set of factors. Supply disruption due to the attacks on the vessels in the red sea and weakness in the dollar amid increasing probability of Fed rate cut would support the prices to hold above the \$72.50. Meanwhile, increasing crude oil production from Non-OPEC nations and higher inventory levels in the US would check any major upside in oil prices.
- MCX Crude oil January is likely to move inside the range of 6100-6300. Only a move above 6300 would open the doors towards 6400.
- MCX Natural gas December future is likely to move towards 220 mark, as long as it holds above the 205 level.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62206	62355	62517	62666	62828
Silver	74741	75084	75459	75802	76177
Copper	720.3	723.2	725.6	728.4	730.8
Aluminium	197.8	198.9	200.7	201.8	203.6
Zinc	220.8	222.2	224.0	225.4	227.2
Lead	173.3	176.3	179.7	182.8	186.2
Crude Oil	5966	6050	6137	6221	6308
Nat Gas	195	205	211	221	227

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.15	83.21	83.25	83.31	83.36
US\$INR (Jan)	83.23	83.29	83.33	83.39	83.44
EURINR (Dec)	90.93	91.08	91.22	91.38	91.51
EURINR (Jan)	91.16	91.28	91.37	91.49	91.57
GBPINR (Dec)	104.90	105.11	105.24	105.45	105.58
GBPINR (Jan)	105.03	105.21	105.35	105.53	105.67
JPYINR (Dec)	58.05	58.17	58.26	58.38	58.47
JPYINR (Jan)	58.43	58.54	58.62	58.73	58.82

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.84	102.41	-0.55%
US\$INR	83.28	83.18	0.12%
EURUSD	1.1011	1.0942	0.63%
EURINR	91.14	91.21	-0.07%
GBPUSD	1.2690	1.2639	0.40%
GBPINR	105.19	105.46	-0.26%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.190	7.168	0.022
US	3.888	3.847	0.0407
Germany	1.964	1.971	-0.007
UK	3.529	3.528	0.001
Japan	0.583	0.556	0.027

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
12/20/2023	9:00 PM	2.9M	-2.3M
12/13/2023	9:00 PM	-4.3M	-1.9M
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 PM	3.6M	2.5M
11/1/2023	8:00 PM	0.8M	1.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	165450	-1225	-0.73%
Aluminium	508150	-1650	-0.32%
Zinc	230750	150	0.07%
Lead	127975	1675	1.33%
Nickel	53676	-48	-0.09%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 18, 2023						
2:30 PM	Europe	German ifo Business Climate	86.4	87.6	87.3	Medium
Tuesday, December 19, 2023						
Tentative	Japan	BOJ Policy Rate	-0.10%	-0.10%	-0.10%	High
7:00 PM	US	Building Permits	1.46M	1.46M	1.49M	Medium
7:00 PM	US	Housing Starts	1.56M	1.36M	1.37M	Medium
Wednesday, December 20, 2023						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.45%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	4.20%	4.20%	4.20%	Medium
12:30 PM	UK	CPI y/y	3.90%	4.30%	4.60%	High
8:30 PM	US	CB Consumer Confidence	110.7	104.1	102	High
8:30 PM	US	Existing Home Sales	3.82M	3.77M	3.79M	Medium
9:00 PM	US	Crude Oil Inventories	2.9	-2.3M	-4.3M	High
Thursday, December 21, 2023						
7:00 PM	US	Final GDP q/q	4.90%	5.20%	5.20%	High
7:00 PM	US	Unemployment Claims	205K	215K	202K	High
7:00 PM	US	Final GDP Price Index q/q	3.30%	3.60%	3.60%	High
7:00 PM	US	Philly Fed Manufacturing Index	-10.5	-3.2	-5.9	High
9:00 PM	US	Natural Gas Storage	-87B	-82B	-55B	High
Friday, December 22, 2023						
12:30 PM	UK	Retail Sales m/m	-	0.50%	-0.30%	High
7:00 PM	US	Core PCE Price Index m/m	-	0.2%	0.2%	High
7:00 PM	US	Durable Goods Orders m/m	-	2.70%	-5.40%	Medium
7:00 PM	US	Personal Spending m/m	-	0.30%	0.20%	Medium
8:30 PM	US	Revised UoM Consumer Sentiment	-	69.5	69.4	High
8:30 PM	US	New Home Sales	-	687K	679K	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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