

December 14, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	61800-61850	62600	61500	Intraday
USDINR	December	Sell	83.37-83.38	83.20	83.50	Intraday

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News and Developments

- Spot gold reversed its earlier losses and gained more than 2% after the Fed held rates steady and signaled end to its rate hike regime. Further, projection of three rate cuts in 2024 amid forecast of slower inflation has strengthened the bullions to regain its strength
- The dollar index tumbled after the dovish comments from the Fed chair Jerome Powell indicating policymakers are now turning their focus to when to cut rates as inflation continues its descent toward their 2% goal. The Fed's dot plot showed eight officials expects fewer than three quarter point cuts next year, while five anticipate more cuts.
- US treasury yields turned lower on Wednesday after the wholesale inflation in US slowed further last month, suggesting easing price pressure. The PPI in November rose by 0.9% YoY, the smallest rise since June. 10 year US treasury yields slide below the 4.0% after the dovish Fed comments.
- NYMEX Crude oil futures gained more than 1% on Wednesday after the weekly inventory data reported a larger than expected withdrawal from storage. Last week energy firms pulled 4.3M barrels of crude oil against forecast of withdraw of 1.9M barrels. Meanwhile, gasoline stocks edged up by 0.408M barrels against expectation of 1.933M barrels.
- In a latest development from COP28 conference, nearly 200 nations reached an agreement to reduce the global consumption of fossil fuels.
- Copper prices remained in a tight range ahead of the key interest rate decision by major central banks Meanwhile, sluggish growth in the top metal consumer China checked the upside in the metal prices
- NYMEX Natural gas futures bounced from its 6-month lows and settled above the 2.30 mark amid record amount of gas flowed to LNG export plants.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61199	0.03%	2027.74	2.43%
Silver	71532	-0.46%	23.82	4.57%
Copper	713.7	-0.17%	8330.00	-0.30%
Aluminium	195.7	0.64%	2140.00	0.90%
Zinc	218.2	-0.02%	2426.50	-0.16%
Lead	183.1	0.19%	2034.00	-0.17%
WTI Crude Oil	5781	1.12%	69.47	1.25%
US Nat Gas	196.3	0.15%	2.34	1.04%

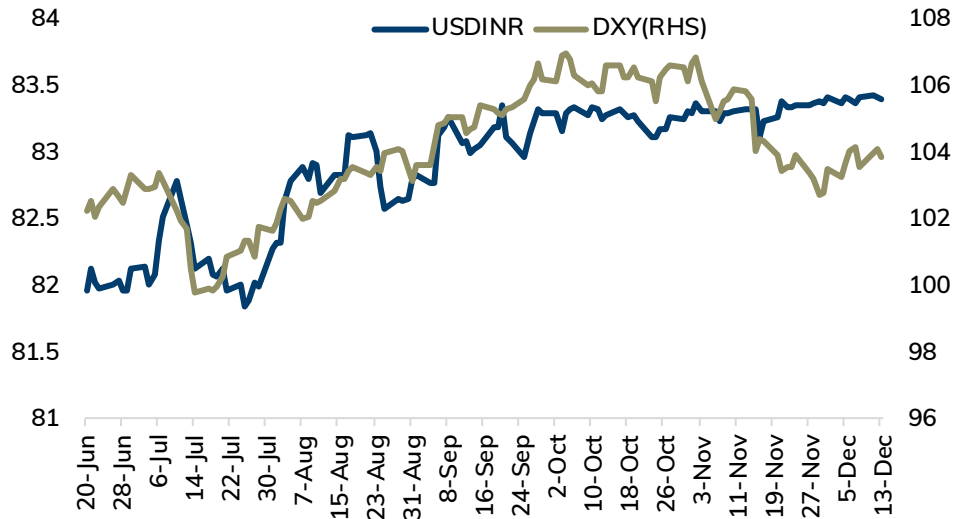
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.46	0.06%	4334092	252199	1329638	536033
EURINR (27th Dec)	90.01	-0.14%	154630	3751	88700	-36179
GBPINR (27th Dec)	104.47	-0.37%	202370	-8641	171836	19438

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	December	Sell	205-205.5	195	211	Not Initiated
EURINR	December	Buy	89.88-89.90	90.30	89.70	Not Initiated

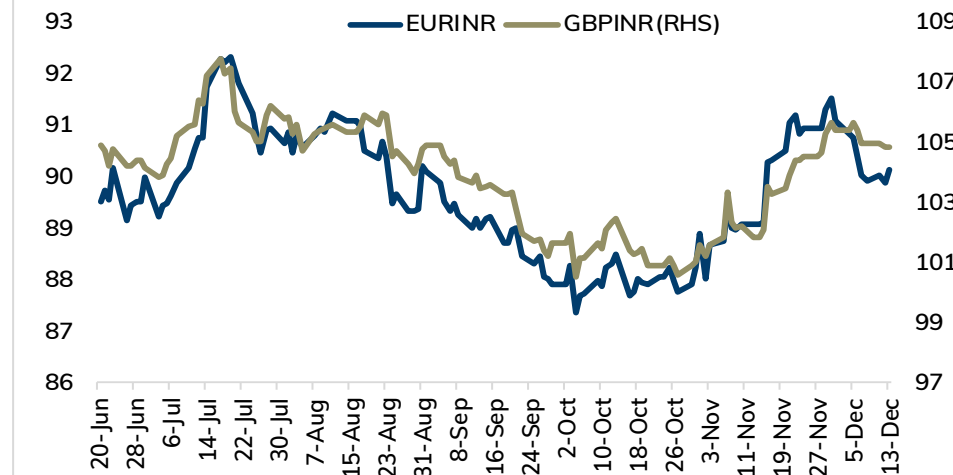
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid firm dollar ahead of US Federal Reserve monetary policy. However, central bank likely intervention prevented rupee from dropping further.
- Rupee is likely to appreciate today amid weak dollar and decline in US treasury yields. Dollar and yields are moving south as US Federal Reserve hold rate steady for 3rd consecutive time and signaled rate cuts in 2024. The forecasts showed that the policymakers expect to cut their benchmark rate to 4.6% by the end of 2024. The move aligned with downward revisions to PCE inflation expectations for the next two years. Additionally, rise in risk appetite in the global markets along with softening of crude oil prices may support rupee. USDINR may face hurdle near 83.50 level and slip back towards 83.20 levels

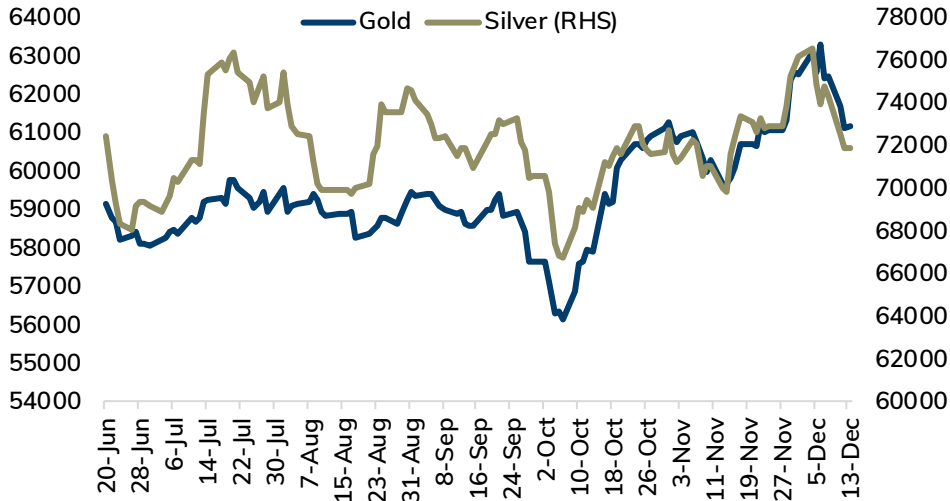
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.74% yesterday amid weak dollar and optimistic global market sentiments. However, sharp upside was capped as euro zone industrial production fell more than expected in October. For today, EURUSD is likely to edged higher towards 1.0960 levels as long as it stays above 1.0850 levels amid soft dollar and rise in risk appetite in the global markets. Meanwhile, investors will remain cautious ahead of ECB monetary policy, where central bank is likely to keep rates steady but more focus will be on statement to get clarity on interest rate outlook. EURINR may rise towards 91.10 level as long as it trades above 90.40 levels
- Pound is likely to rise towards 1.2700 level amid weak dollar and optimistic global market sentiments. Meanwhile, market will remain vigilant ahead of BOE policy meet, where central bank is widely expected to keep rates steady but more focus will be on statement to get cues on interest rate trajectory. GBPINR is likely to move north towards 105.70 level as long as it stays above 104.90 levels

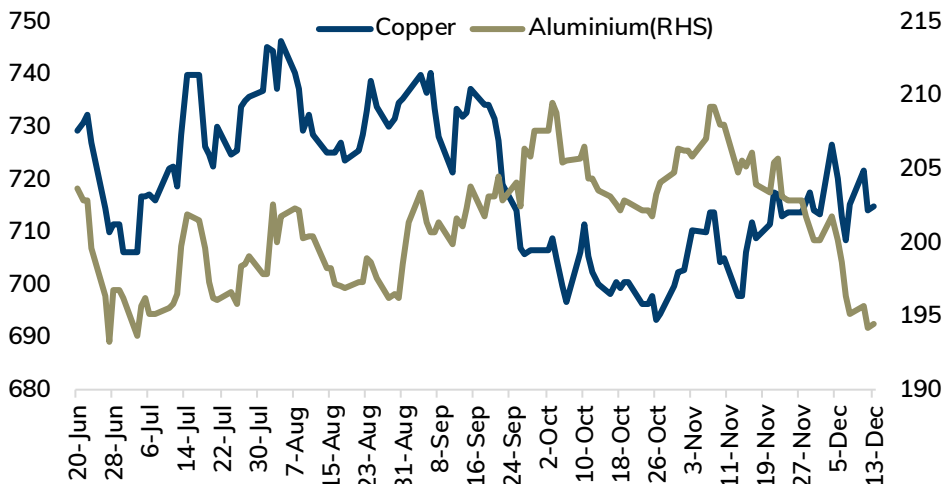
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to extend its gains and move towards \$2055 as long as it holds above the \$2020 mark amid increasing bets of Fed rate cut in the coming year after the Fed signaled end to its rate hike regime. The shift in tone from the Fed would bring fresh buying interest in the bullions and support gold prices. The CME fed-watch tool indicates more than 70% probability of rate cut in March 2024. Meanwhile, focus will shift towards the central bank policies from ECB and BOE.
- MCX gold is expected to move towards 62,600, as long as it trades above 61600. Above 62600 it would rise further towards 63,200.
- MCX silver is likely to follow the yellow metal and rise towards 75,400, as long as it holds above 73,000. A move above 75,400 would push the price towards 76,500.

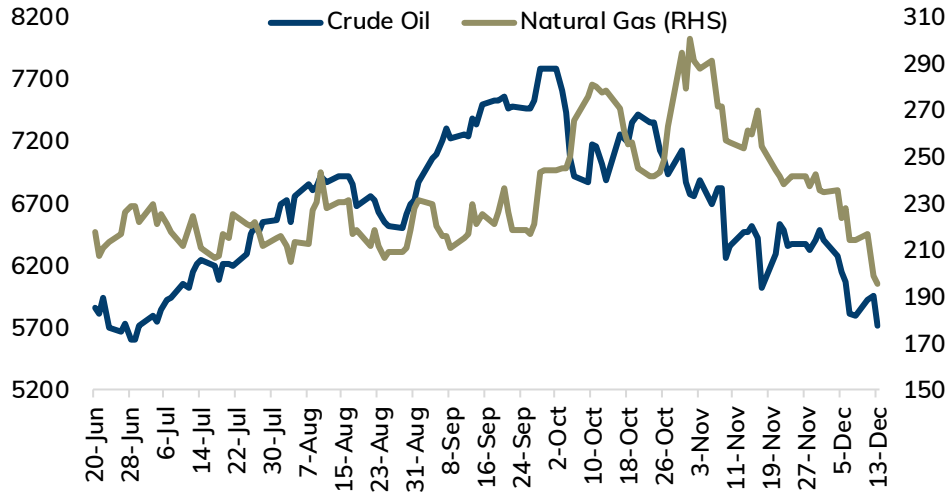
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are likely to move higher amid weakness in the dollar. The dovish stance from the Fed would also support the metal prices to reverse its earlier losses. Further, improved risk appetite in the global markets would also help the metal to trade firm. Meanwhile, sluggish growth in the top metal consumer China would limit its upside.
- MCX Copper December is expected to rise towards 721, as long as it holds above the 50 day EMA at 712. A move above 721, would open the doors towards 728.
- MCX Aluminium is expected to hold its ground above the 193 mark and move higher towards 198.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to rise towards the \$72 mark amid weakness in the dollar and worries about the security of Middle East oil supplies. Further, improved risk sentiments after the Fed's decision to end the rate hike regime would also support the NYMEX crude to move beyond the \$70 mark. Meanwhile, focus will shift towards the key central bank policy decisions from ECB and BOE.
- MCX Crude oil is likely to find support near 5750 and move towards 6000 level. Only close above 6000, would open the doors towards 6200.
- MCX Natural gas December future is expected find support near 188 and move towards the 200 mark amid improved export demand. However, robust production and higher inventory levels would limit the upside in price.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60841	61020	61180	61359	61519
Silver	70843	71187	71579	71923	72315
Copper	707.9	710.8	713.0	715.9	718.0
Aluminium	192.2	193.9	194.9	196.6	197.6
Zinc	215.9	217.0	217.9	219.1	220.0
Lead	181.8	182.4	183.2	183.8	184.5
Crude Oil	5592	5686	5753	5847	5914
Nat Gas	182	189	194	201	207

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.38	83.42	83.44	83.48	83.50
US\$INR (Jan)	83.42	83.48	83.52	83.58	83.61
EURINR (Dec)	89.90	89.96	90.03	90.09	90.17
EURINR (Jan)	90.01	90.09	90.19	90.27	90.37
GBPINR (Dec)	104.18	104.32	104.55	104.69	104.92
GBPINR (Jan)	104.28	104.42	104.65	104.80	105.03
JPYINR (Dec)	57.20	57.32	57.41	57.53	57.62
JPYINR (Jan)	57.46	57.63	57.79	57.96	58.11

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.87	103.87	-0.96%
US\$INR	83.40	83.39	0.02%
EURUSD	1.0874	1.0794	0.74%
EURINR	89.97	90.02	-0.06%
GBPUSD	1.2618	1.2563	0.44%
GBPINR	104.47	104.78	-0.29%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.259	7.274	-0.015
US	4.016	4.201	-0.1842
Germany	2.173	2.226	-0.053
UK	3.830	3.967	-0.137
Japan	0.694	0.721	-0.027

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
10/25/2023	8:00 PM	1.4M	-0.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	179550	-625	-0.35%
Aluminium	449525	-700	-0.16%
Zinc	211075	-1175	-0.55%
Lead	128500	-400	-0.31%
Nickel	48540	-48	-0.10%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 11, 2023						
10:30 PM	US	10-y Bond Auction	4.30 2.5	-	4.52 2.5	Medium
Tuesday, December 12, 2023						
12:30 PM	UK	Claimant Count Change	16.0K	20.3K	17.8K	High
12:30 PM	UK	Average Earnings Index 3m/y	7.20%	7.60%	7.90%	Medium
3:30 PM	Europe	ZEW Economic Sentiment	23	11.2	13.8	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	12.8	8.1	9.8	Medium
7:00 PM	US	CPI y/y	3.10%	3.10%	3.20%	High
Wednesday, December 13, 2023						
12:30 PM	UK	GDP m/m	-0.30%	-0.10%	0.20%	High
3:30 PM	Europe	Industrial Production m/m	-0.70%	-0.30%	-1.10%	Medium
7:00 PM	US	PPI m/m	0.00%	0.10%	-0.50%	High
9:00 PM	US	Crude Oil Inventories	-4.3M	-1.9M	-4.6M	Medium
Thursday, December 14, 2023						
12:30 AM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
12:30 AM	US	FOMC Economic Projections	-	-	-	High
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
7:00 PM	US	Retail Sales m/m	-	-0.10%	-0.10%	High
7:00 PM	US	Unemployment Claims	-	223K	220K	High
9:00 PM	US	Natural Gas Storage	-	-	-117B	Medium
Friday, December 15, 2023						
7:30 AM	China	Industrial Production y/y	-	5.70%	4.60%	High
7:30 AM	China	Retail Sales y/y	-	12.60%	7.60%	Medium
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.3	42.9	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	43.1	42.6	High
2:30 PM	Europe	Flash Manufacturing PMI	-	44.5	44.2	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	47.6	47.2	High
7:00 PM	US	Empire State Manufacturing Index	-	1.7	9.1	High
8:15 PM	US	Flash Manufacturing PMI	-	49.3	49.4	High
8:15 PM	US	Flash Services PMI	-	50.5	50.8	High

Source: Bloomberg, Reuters, ICICI Direct Research



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