

December 21, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62000-62020	62400	61800	Intraday
GBP/INR	December	Sell	105.18-105.20	104.80	105.40	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadam

saif.mukadam@icicisecurities.com

Anup Sahu

anup.sahu@icicisecurities.com

News and Developments

- Gold prices pared its earlier gains and edged lower on Wednesday amid recovery in the dollar index. Better than expected US consumer confidence numbers, which hit the highest level in last four months has supported the dollar to rise towards 102.40. However, lower global bond yields limited losses in the yellow metal.
- The US consumer confidence hit the 110.7 mark against previous reading of 101. Existing home sales numbers expanded in November, breaking a streak of five consecutive monthly declines.
- US 10 year treasury yields declined below the 3.90% mark and 2 year yields slide below 4.40% amid increasing bets of Fed rate cut in the coming quarter.
- The CME FedWatch tool indicates more than 69% probability of 25 bps rate cut in March 2024, where as probability of another rate cut in May rose to 63%.
- NYMEX Crude oil futures hovered near the \$75 mark amid persistence worries over supply disruption and geopolitical tension in the Middle East. However surprise rise in US weekly crude oil inventories by 2.9M barrels against expectation of withdraw by 2.28M barrels checked the upside in oil price.
- Copper prices hit the highest level in more than four months on strong physical demand in China. Last month China's copper ore and concentrate rose to 2.44M tons against previous record of 2.42M tons. Total imports in the first 11 months were up by 8.4% from a year earlier. Robust consumption and depleting stocks in China also strengthened the red metal
- NYMEX natural gas tried to recoup its yesterday's losses but prices edged lower amid record production and higher inventory level in US. But forecast of colder January temperatures limited the downside in price.

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62415	-0.10%	2031.39	-0.44%
Silver	75486	0.88%	24.15	0.40%
Copper	726.0	-0.10%	8582.50	-0.13%
Aluminium	202.8	-0.64%	2241.00	-0.95%
Zinc	225.4	-0.31%	2573.00	-0.33%
Lead	182.6	-0.22%	2082.50	0.87%
WTI Crude Oil	6174	0.11%	74.22	1.06%
US Nat Gas	206.2	-0.53%	2.45	-1.81%

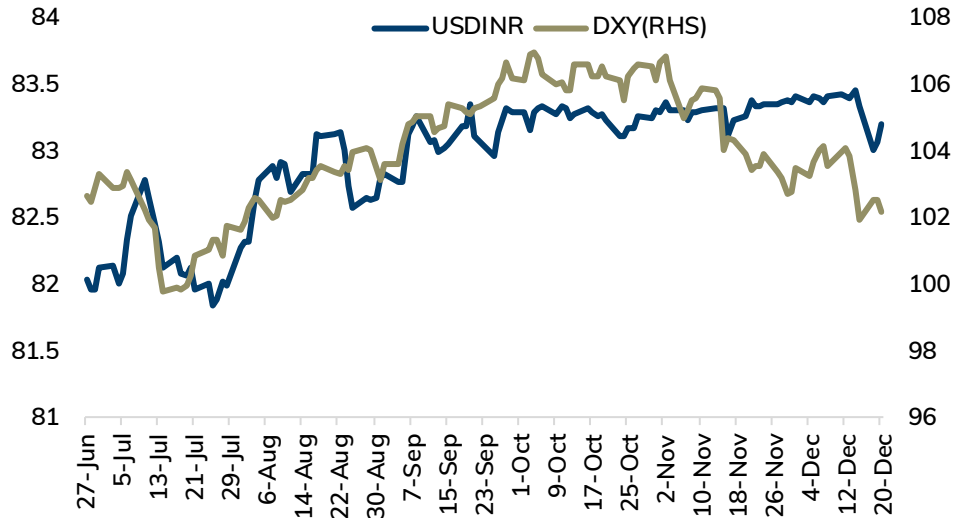
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.21	0.00%	3691473	-219510	1335477	-133462
EURINR (27th Dec)	91.06	0.07%	160957	-2838	125835	-2641
GBPINR (27th Dec)	105.28	-0.34%	189756	-18871	188284	11383

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62050-62060	62450	61830	Profit Booked
EURINR	December	Buy	91.00-91.02	91.40	90.80	Exit in Profit

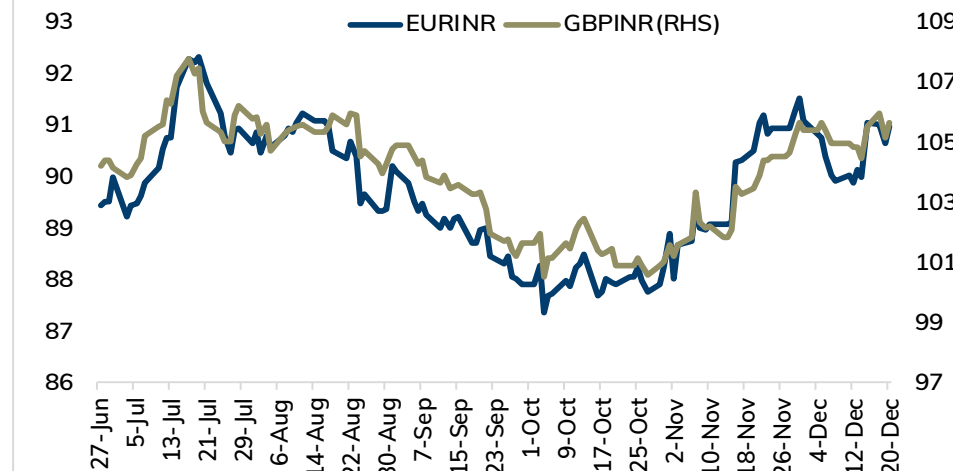
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid recovery in dollar, risk aversion in the domestic markets and FII outflows. Dollar was aided by weakness in Pound, which declined after CPI data showed inflation eased in November
- Rupee is likely to appreciate today amid weak dollar, decline in US treasury yields across curve and softening of crude oil prices. Dollar is showing weakness ahead of core-PCE price index data due on Friday, as it would provide fresh clues on inflation and the likely path of Fed policy. As per CME FedWatch tool investors are pricing in about 150 bps rate cut over 2024. Meanwhile, risk aversion in the global markets and FII outflows may prevent sharp gains in rupee. USDINR may slip towards 83.05 level as long as its stays below 83.30 level

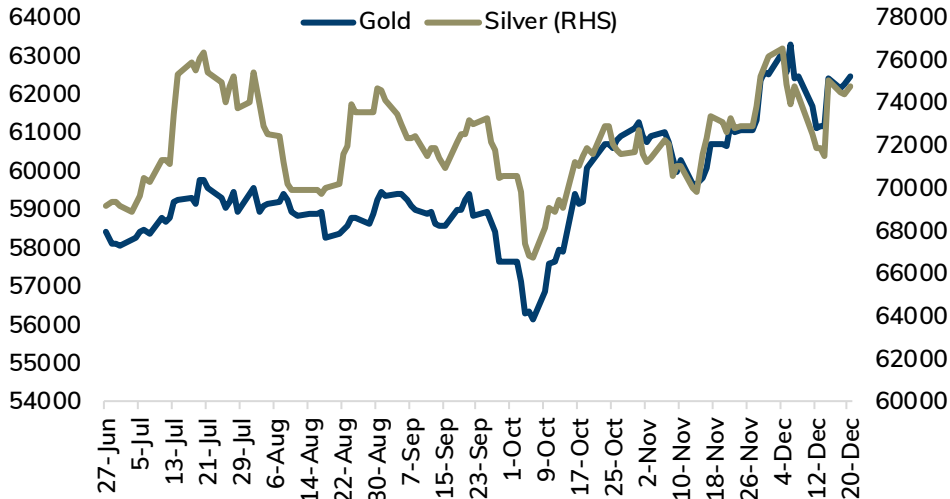
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped by 0.38% yesterday amid recovery in dollar and risk aversion in the global markets. However, further downside was cushioned as euro zone consumer confidence index rose more than expected to 5 month high. For today, EURUSD is likely to hold the support near 1.0910 level and rise back towards 1.0980 level amid soft dollar, improved economic data from euro zone and hawkish comments from ECB policymakers. Meanwhile, investors will remain cautious ahead of GDP and jobless claims data from US to gauge economic health. EURINR may rise towards 91.30 level as long as it trades above 90.80 levels
- Pound is likely to slip towards 1.2580 level as UK CPI data showed inflation eased in November, prompting market to bring forward their expectations of BOE rate cuts. Additionally, risk aversion in the global markets will weigh on sterling. GBPINR is likely to move south towards 104.80 level as long as it stays below 105.40 levels

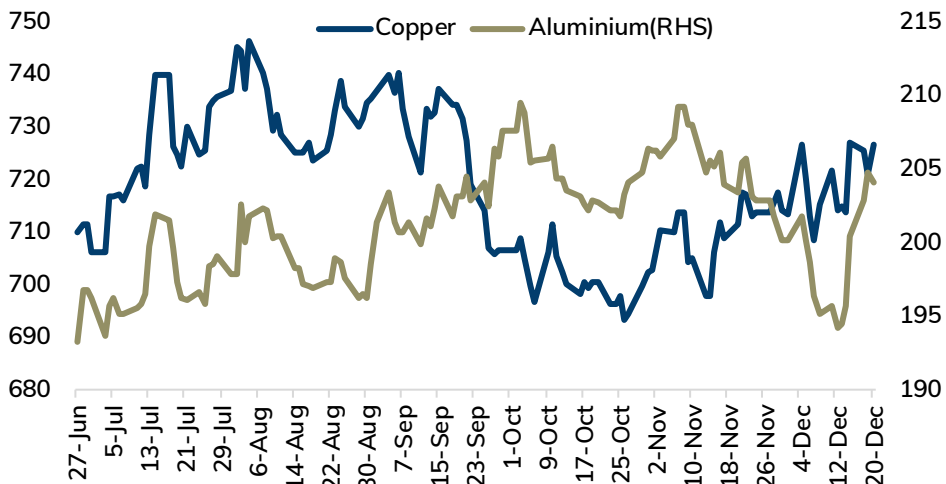
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to move in the tight range of \$2020 and \$2048 ahead of the key US inflation data on Friday. Prices may find support near \$2020 and move towards the higher end of the range amid softness in the dollar and decline in the treasury yields. Further, increasing probability of 25 bps rate cut in the coming quarter would also support the bullions to hold its ground. Meanwhile, expectation of better GDP numbers would limit the upside in the bullions.
- MCX gold is expected to rise towards 62,650, as long as it holds above 62,100. Only close above 62,650 would open the doors towards 63,000.
- MCX silver is likely to extend its gains towards 76,200, as long as it trades above 74,200.

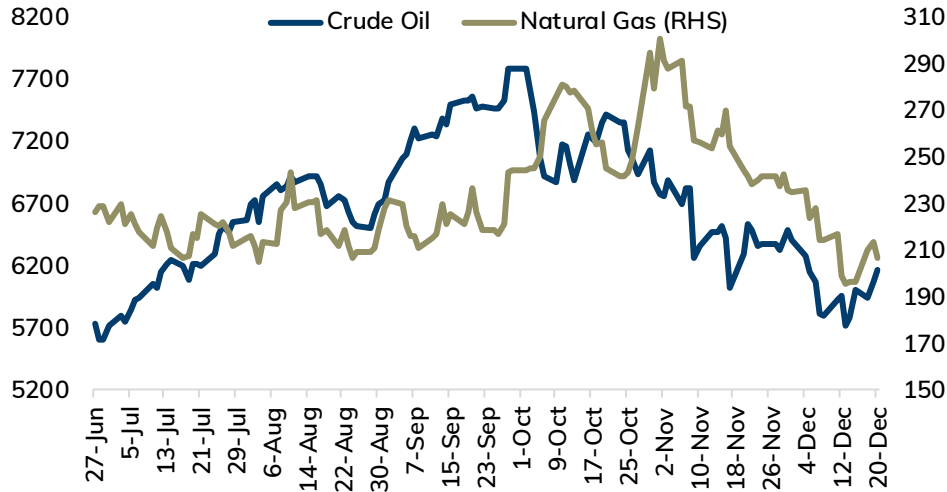
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its ground and extend its gains on persistent supply concerns and depleting stocks in the top metal consumer China. Further, recent measures from China to boost the housing market would increase the demand for red metal. Additionally, increasing bets of Fed rate cut in the coming year would also support the demand outlook in the red metal. Meanwhile, investors will keep an eye on key economic numbers from the US and China to get more clarity on price trend.
- MCX Copper December is expected to move towards 731, as long as it holds above the 721 mark.
- MCX Aluminium is expected to move in the range of 202-205. Only close below 202, would weaken towards 200 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are likely to face the hurdle near \$75.50 and move towards the initial support at \$72 on growing optimism over a potential ceasefire in the Israel-Hamas war. Further, higher crude oil production and rise in oil inventories would hurt oil prices. Meanwhile, worries over trade disruption due to the attacks on the vessel in the Red sea route would limit the downside in oil prices.
- MCX Crude oil January is likely to dip towards the key support near 6050, as long as it trades under the 6300 mark. Only above 6300, price trend would turn bullish.
- MCX Natural gas December future is likely to face the hurdle near 214 and move lower towards 198 amid higher inventory and record production level in US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62144	62279	62445	62580	62746
Silver	74110	74798	75299	75987	76488
Copper	720.0	723.0	726.7	729.7	733.5
Aluminium	200.7	201.7	203.4	204.4	206.0
Zinc	222.9	224.2	226.3	227.5	229.6
Lead	181.8	182.2	182.9	183.3	183.9
Crude Oil	6079	6126	6208	6255	6337
Nat Gas	197	202	209	213	220

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.12	83.17	83.19	83.24	83.27
US\$INR (Jan)	83.21	83.25	83.27	83.31	83.33
EURINR (Dec)	90.85	90.96	91.11	91.21	91.36
EURINR (Jan)	91.06	91.15	91.29	91.38	91.52
GBPINR (Dec)	104.81	105.05	105.42	105.66	106.03
GBPINR (Jan)	104.88	105.14	105.56	105.82	106.24
JPYINR (Dec)	57.78	57.95	58.05	58.22	58.32
JPYINR (Jan)	58.18	58.34	58.42	58.58	58.66

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.41	102.17	0.24%
US\$INR	83.18	83.18	-0.01%
EURUSD	1.0942	1.0981	-0.36%
EURINR	91.21	91.02	0.20%
GBPUSD	1.2639	1.2732	-0.73%
GBPINR	105.46	105.63	-0.16%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.168	7.174	-0.006
US	3.847	3.931	-0.0839
Germany	1.971	2.016	-0.045
UK	3.528	3.652	-0.124
Japan	0.556	0.632	-0.076

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	166675	-1975	-1.17%
Aluminium	509800	-1650	-0.32%
Zinc	230600	23450	11.32%
Lead	126300	-2300	-1.79%
Nickel	53724	1026	1.95%

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	-	5.20%	5.20%	High
7:00 PM	US	Unemployment Claims	-	215K	202K	High
7:00 PM	US	Final GDP Price Index q/q	-	3.60%	3.60%	High
7:00 PM	US	Philly Fed Manufacturing Index	-	-3.2	-5.9	High
9:00 PM	US	Natural Gas Storage	-	-	-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



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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