

September 20, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Sell	728-728.50	721	732	Intraday
EURINR	September	Buy	88.94-88.95	89.40	88.75	Intraday

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## News and Developments

- Spot Gold prices edged lower yesterday amid firm dollar and rise in US treasury yields across curve. Further, market participants remained cautious ahead of Fed monetary policy to get updates on interest rate outlook
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 99% while, prospects for increase by 25bps in November meeting has come down to 28.9% from 34.1% a day ago
- US treasury yields surged as oil prices gained a day before US Federal Reserve monetary policy. Investors fear that higher oil prices will keep price pressures elevated and motivate Fed to keep rates higher for longer duration
- Yield on benchmark US 10-year treasury note increased to 4.367%, highest since 2007 and 2-year treasury yield, which typically moves in step with interest rate expectations rose to 5.120%
- US Dollar edged higher as traders await a raft of central bank monetary policy this week
- Crude oil prices earlier climbed to 10 month high on fears over tight supply. However, prices fell back later in session on long liquidation pressure and worries over global economic growth
- As per market sources citing American Petroleum Institute figures, industry data showed US crude oil stockpiles fell last week by about 5.25 million barrels
- Copper prices slipped on strong dollar and rising inventories at LME registered warehouses. LME copper stocks have soared by 175% since mid-July to 149,600 metric tons, highest since May 2022

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59270	0.02%	1931.36	-0.13%
Silver	72550	-0.03%	23.20	-0.18%
Copper	727.1	-0.60%	8292.50	-0.80%
Aluminium	203.0	-0.10%	2215.50	-0.20%
Zinc	221.8	-1.30%	2497.50	-1.75%
Lead	188.0	-0.71%	2220.00	-1.22%
WTI Crude Oil	7546	0.48%	91.20	-0.31%
US Nat Gas	237.0	4.54%	2.85	4.40%

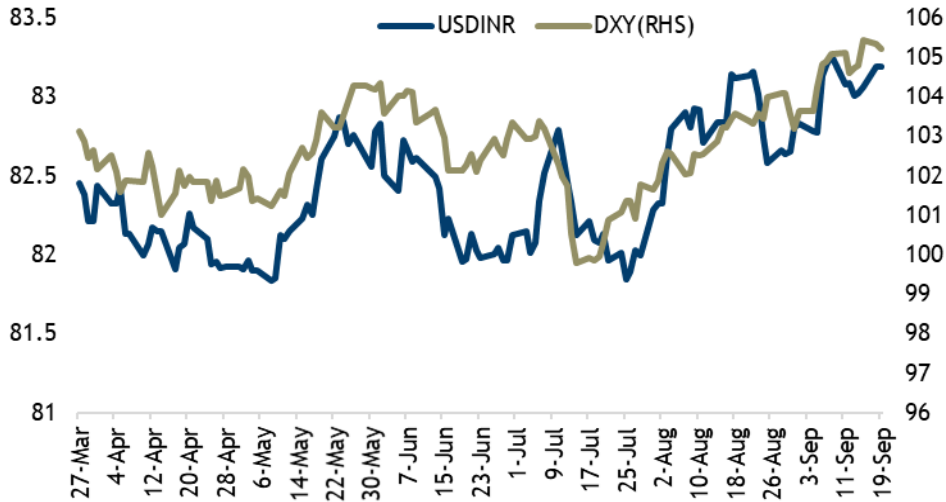
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.35	0.20%	3525554	-70852	2283937	138570
EURINR (26th Sep)	88.98	0.29%	115207	-4707	89604	-62292
GBPINR (26th Sep)	103.35	0.07%	184214	-14077	181287	2985

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	October	Buy	58850-58900	59300	58650	Not Initiated
USDINR	September	Sell	83.20-83.22	83.00	83.30	Stop Loss Triggered

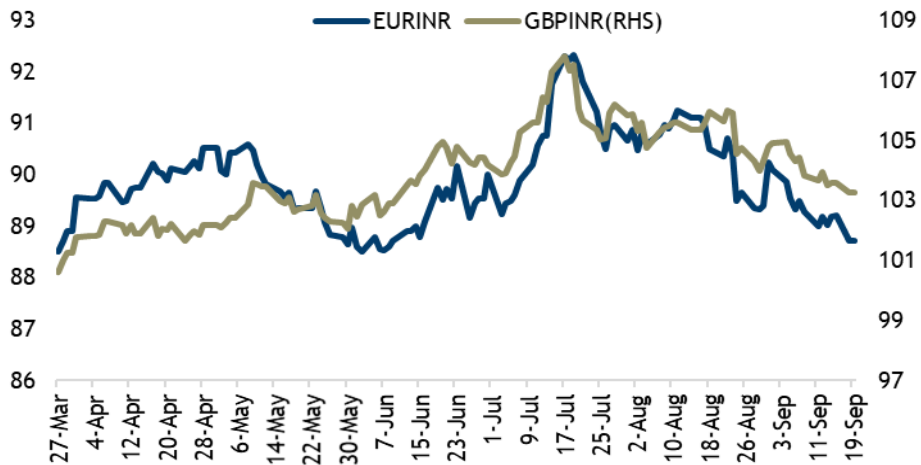
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated past its all time lows at 83.30 on Monday amid stronger dollar coupled with higher crude oil prices. The rupee settled near 83.27 against the dollar despite likely help from the RBI as dollar demand driven by higher crude oil prices weighed on the currency
- USDINR is expected to face the hurdle near 83.45 and move back towards 83.10 amid softness in dollar. The growing optimism of Fed pause in its next policy could restrict its upside. However, more focus will be on guidance from central banks to get clues on the future rate trajectory. USDINR is expected remain in the range of 83.10-83.45. Only a move above 83.45 would open the doors towards 83.60.

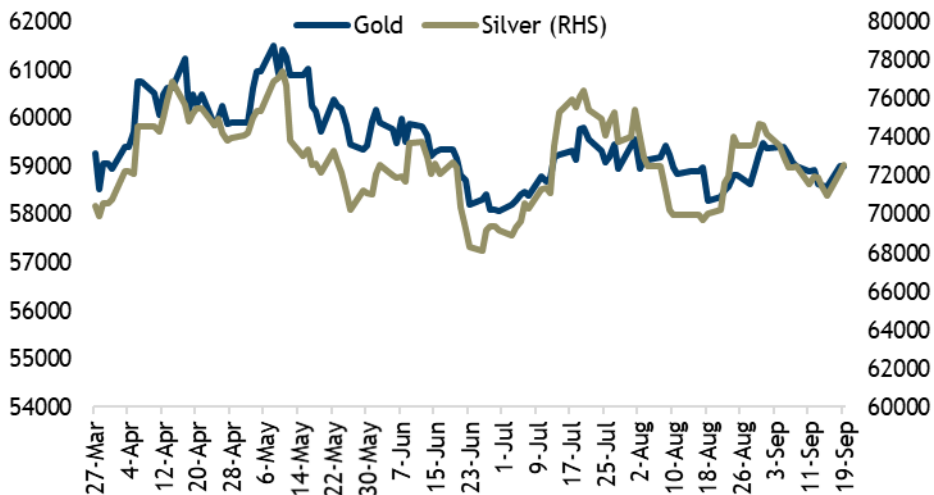
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro tried to go beyond the 1.07 mark but failed to capitalise its gains after the downward revisions in the Eurozone CPI. The Euro zone CPI dipped to 5.2%YoY in August. The pair is expected to rise again towards 1.072, as long as it holds the support of 1.0650. The expectation of higher PPI data from Germany could support the pair to rise above the 1.072 mark. EURINR is likely to find support near 88.80 and move higher towards 89.50.
- The pound is likely to inch higher towards 1.2430 on expectation of higher inflation in the region would force the BOE to remain hawkish. The pair is expected to find support near 1.2360 and move towards 1.2430. The expectation of 25 bps hike by the BOE in its next policy could support it to erase some of its losses. GBPINR is expected to consolidate in the range of 102.90-103.50.

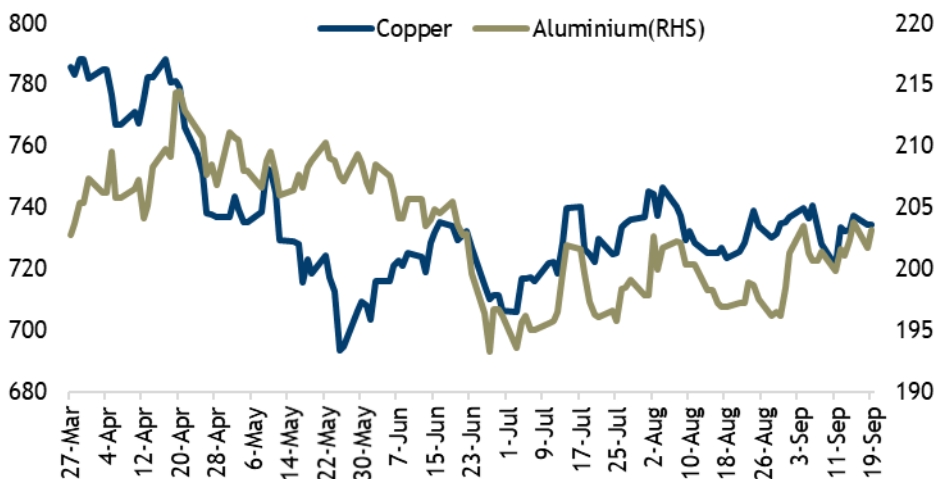
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to rise back towards \$1940 levels as long as it sustains above \$1920 levels amid soft dollar and expectation of correction in US treasury yields. Further, prices may edged higher on rising bets that the US Federal Reserve will hold rates unchanged at its much awaited policy decision due today. As per CME Fed watch tool, the market now sees more than 99% chance that the central bank will forgo a rate hike. However, more focus will be on guidance from central banks to get clues on the future rate trajectory
- MCX Gold prices is likely to move further north towards 59,500 level as long as it trades above the support level of 59,000 levels
- MCX Silver is expected to rise further towards 73,500 level as long as it sustains above 72,300 level

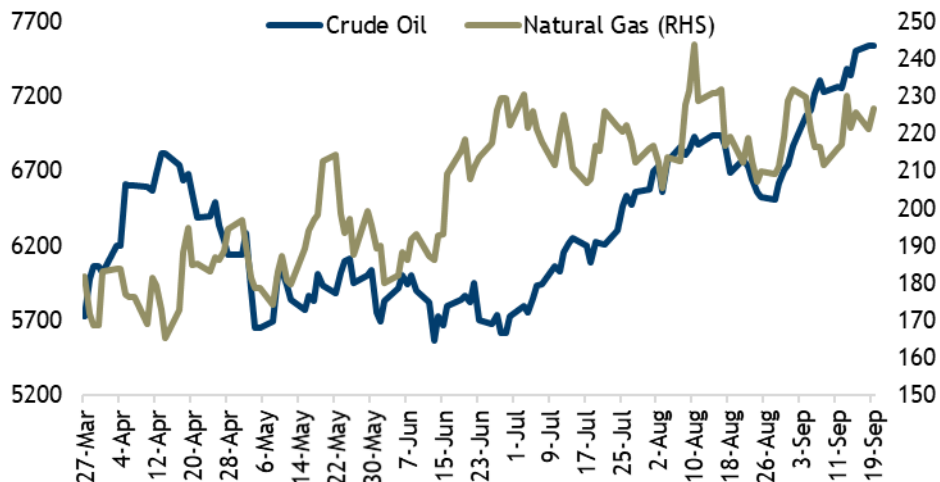
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid rising inventories at LME registered warehouses. Copper stocks are at their highest since May 2022. Further, prices may dip on fears that prolonged high interest rate across major countries could dampen metals demand. Additionally, China left its 1-year and 5-year Loan prime rate (LPR) unchanged matching market expectations. The 1-year LPR was kept at 3.45%, while the 5-year LPR was unchanged at 4.20%
- MCX Copper may slip further towards 720 levels as long as it trades below 732 levels
- MCX aluminium is expected to move downward towards 201.50 level as long as it stays below resistance level of 204.00 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise back to \$91.50 levels on concerns over tighter global oil supply. Further, prices may move up on bigger than expected draw in oil stockpiles and weak US Shale output. Additionally, forecast of drawdown in weekly EIA inventory will be supportive for oil prices. However, investors are awaiting a raft of central bank monetary policies to assess the outlook for economic growth and fuel demand.
- MCX Crude oil is likely to move back towards 7700 level as long as it sustains above 7450 levels
- MCX Natural gas is expected to move upwards towards 245 level as long as it stays above 230 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59151	59211	59299	59359	59447
Silver	71918	72234	72680	72996	73442
Copper	721.9	724.5	727.7	730.3	733.6
Aluminium	201.4	202.2	203.0	203.8	204.6
Zinc	219.7	220.8	222.2	223.3	224.7
Lead	187.2	187.6	188.3	188.7	189.4
Crude Oil	7391	7469	7580	7658	7769
Nat Gas	220	228	234	242	248

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	83.02	83.19	83.28	83.44	83.53
US\$INR (Oct)	83.14	83.30	83.39	83.56	83.65
EURINR (Sep)	88.53	88.75	88.88	89.10	89.22
EURINR (Oct)	87.61	88.39	88.79	89.57	89.97
GBPINR (Sep)	102.85	103.10	103.27	103.52	103.68
GBPINR (Oct)	102.98	103.22	103.39	103.63	103.80
JPYINR (Sep)	56.33	56.45	56.53	56.65	56.73
JPYINR (Oct)	56.72	56.85	56.93	57.05	57.13

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.20	105.32	-0.11%
US\$INR	83.27	83.18	0.11%
EURUSD	1.0692	1.0657	0.33%
EURINR	88.87	88.70	0.19%
GBPUSD	1.2383	1.2383	0.00%
GBPINR	103.28	103.40	-0.12%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.191	7.199	-0.008
US	4.303	4.332	-0.0298
Germany	2.708	2.675	0.033
UK	4.391	4.358	0.033
Japan	0.715	0.715	0

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/23/2023	8:00 PM	-6.1M	-2.9M
8/16/2023	8:00 PM	-6.0M	-2.4M
8/9/2023	8:00 PM	5.9M	2.1M
8/2/2023	8:00 PM	-17M	-0.9M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	149600	2025	1.37%
Aluminium	489825	-2750	-0.56%
Zinc	115350	-3300	-2.78%
Lead	71050	10075	16.52%
Nickel	40500	540	1.35%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 18, 2023						
1:30 PM	US	NAHB Housing Market Index	45.00	50.00	50.00	Medium
Tuesday, September 19, 2023						
2:30 PM	Europe	Final CPI y/y	5.2%	5.3%	5.3%	Medium
6:00 PM	US	Building Permits	1.54M	1.45M	1.44M	Medium
Wednesday, September 20, 2023						
6:45 AM	China	5-y Loan Prime Rate	4.2%	4.2%	4.2%	High
11:30 AM	UK	CPI y/y		7.1%	6.8%	High
8:00 PM	US	Crude Oil Inventories			4.0M	Medium
11:30 PM	US	Federal Funds Rate		5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections		-	-	High
Thursday, September 21, 2023						
4:30 PM	UK	Official Bank Rate		5.5%	5.25%	High
6:00 PM	US	Unemployment Claims		222K	220K	High
7:30 PM	US	Existing Home Sales		4.10M	4.07M	Medium
Friday, September 22, 2023						
8:30 AM	Japan	BOJ Policy Rate		-0.10%	-0.10%	High
11:30 AM	UK	Retail Sales y/y		0.5%	-1.2%	High
1:30 PM	Europe	Flash Manufacturing PMI		44.0	43.5	High
1:30 PM	Europe	Flash Services PMI		47.7	47.9	High
2:00 PM	UK	Flash Manufacturing PMI		43.5	43.0	High
2:00 PM	UK	Flash Services PMI		49.1	49.5	High
7:30 PM	US	Flash Manufacturing PMI		47.9	47.9	High
7:30 PM	US	Flash Services PMI		50.8	50.5	High

Source: Bloomberg, Reuters, ICICI Direct Research



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