

December 4, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	63350-63400	64000	63100	Intraday
USDINR	December	Sell	83.38-83.39	83.20	83.50	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

- Spot gold reached its highest level in 6-months on Friday amid weakness in the treasury yields and the US dollar. The German yields hit the most last week and slide to its four month lows. The 10 year US treasury yields hit its 2 and half month lows on Friday amid increasing speculation that the Fed is done with its tightening cycle even though the US Federal chair Powell dampened the expectation of significant rate cuts in the coming years. Powell in his speech said it was clear that the impact of tighter monetary policy is slowing the economy which is in line with their expectation.
- The dollar also remained under pressure amid weaker set of economic numbers from US. Last month manufacturing PMI numbers decline to 46.70 against market expectation of 47.9, indicating contraction in the activity.
- The 10 year US treasury yields made fresh lows on Friday after the Federal Char Jerome Powell sounded caution on the interest rate outlook and the rate cut probability in March 2024 went up to 55%.
- Crude oil futures failed to hold its earlier gains and lost more than 2% on Friday amid growing doubts over the impact of the additional voluntary output cuts OPEC+ in first quarter of 2024. Further, weaker set of economic numbers from Eurozone and US also weighed on the market sentiments.
- Copper futures gained more than 1% on Friday amid supply concerns and softness in the dollar. Further, improved manufacturing data from China also raised the hopes of demand. Plans to shutdown First Quantum Minerals Ltd.'s Cobre operation has raised the supply concerns and pushed the metal to its four month high.
- NYMEX Natural gas futures edged higher after better than expected US LNG export numbers offset record output.

## Price Performance

Commodity	LTP (?)	Change	LTP (\$)	Change
Gold	63357	1.14%	2072.22	1.76%
Silver	78087	0.74%	25.49	0.85%
Copper	726.6	1.85%	8610.50	1.72%
Aluminium	201.8	0.82%	2209.00	0.73%
Zinc	225.3	0.90%	2509.50	1.37%
Lead	185.7	1.75%	2119.00	-0.19%
WTI Crude Oil	6281	-1.97%	74.07	-2.49%
US Nat Gas	236.3	0.60%	2.81	0.43%

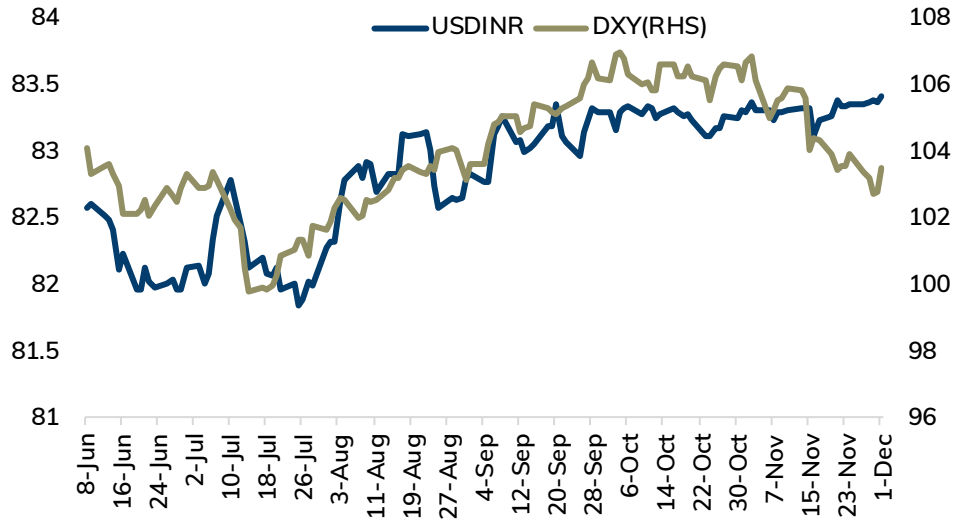
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.37	-0.07%	4361307	-315352	2743717	732943
EURINR (27th Dec)	90.85	-0.28%	201825	-11920	156594	-19282
GBPINR (27th Dec)	105.46	0.04%	263423	10120	171975	-67971

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62400-62410	62850	62100	Target Achieved
USDINR	December	Sell	83.40-83.42	83.25	83.50	Profit booked

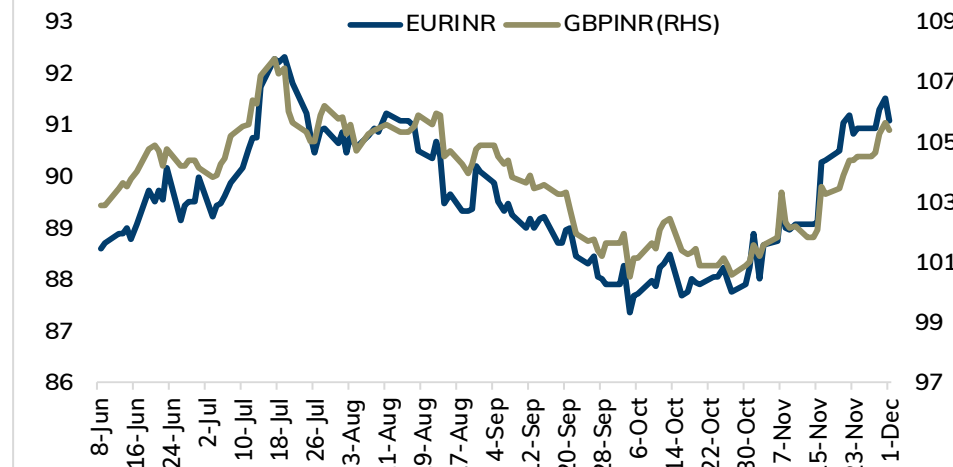
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Friday amid soft dollar and rise in risk appetite in the domestic markets. Further, robust domestic economic data supported pair to gain strength. Meanwhile, investors remained cautious ahead of Fed Chair Powell speech to get clues on interest rate trajectory.
- Rupee is likely to appreciate further today amid weakness in dollar and US treasury yields. Dollar and Yields are moving south as weak economic data from US and dovish statements from Fed officials have cemented expectations that US Fed is done with raising interest rates and will go for rate cut in the first half of 2024. US Fed Chair Jerome Powell struck a cautious tone on further interest rate moves. Additionally, rupee may gain strength on softening of crude oil prices and rise in risk appetite in the domestic markets. USDINR may slip to 83.20 level as long as its stays below 83.50 levels

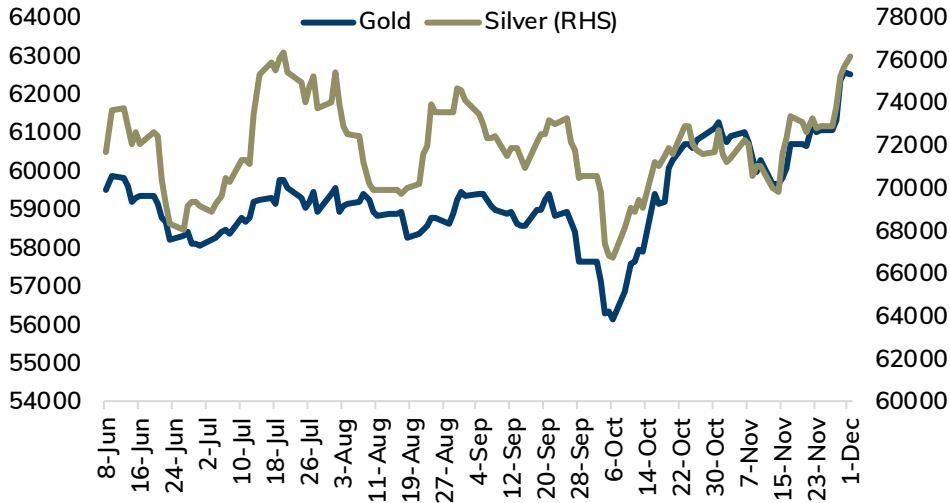
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro slipped by 0.06% on Friday amid dovish comments from ECB Governing council member Villeroy de Galhau. He said “barring any shock, ECB rate hikes are over.” For today, EURUSD is likely to hold the support near 1.0840 levels and rise back towards 1.0930 levels amid weak dollar and optimistic global market sentiments. Further, expectation of improved economic data from euro zone may support single currency. Meanwhile, investors will remain cautious ahead of ECB President Lagarde speech to get more cues on interest rate outlook. EURINR may rally towards 91.0 as long as it trades above 90.40 levels
- Pound is likely to move north towards 1.2740 level amid weakness in dollar and rise in risk appetite in the global markets. Further, sterling may gain strength on anticipation that BOE will have to keep rates higher for longer compared to peers, given stubbornly high inflation. GBPINR is likely to move higher towards 105.70 level as long as it stays above 105.20 levels

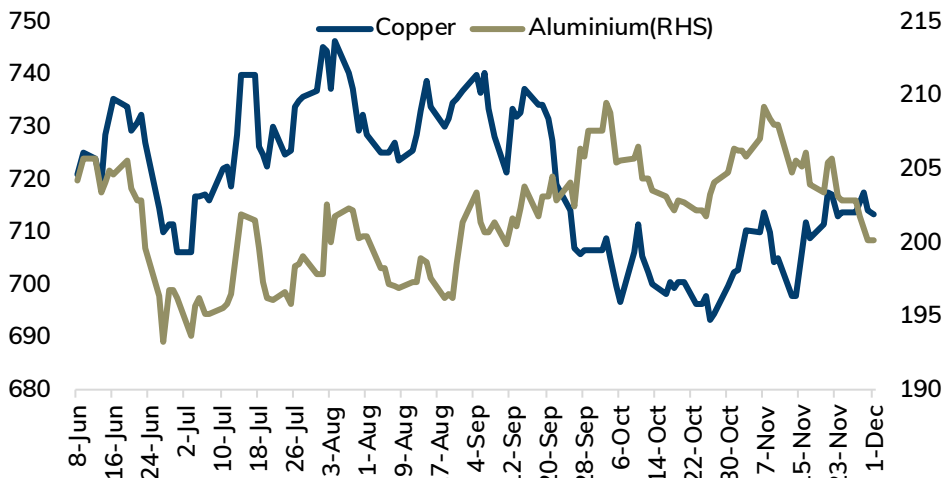
## MCX Gold vs. Silver



## Bullion Outlook

- Gold is expected to move higher towards \$2140, as long as it holds above \$2060 amid increasing probability of rate cut in March by the US Federal reserves. As per the CME Fed-Watch toll probability of rate cut in May has moved up to 60% from 44%. Further, attack on an American warship and commercial vessels in the Red sea could also add risk premiums to the bullion prices. Meanwhile, traders will eye on key economic numbers from Europe and US to get more clarity on the future interest rate path by the centra banks.
- MCX gold February is expected to rise towards 64,400 as long as it holds above 63200.
- MCX silver is likely to follow the yellow metal and move towards 79,200, as long as it trades above 77000.

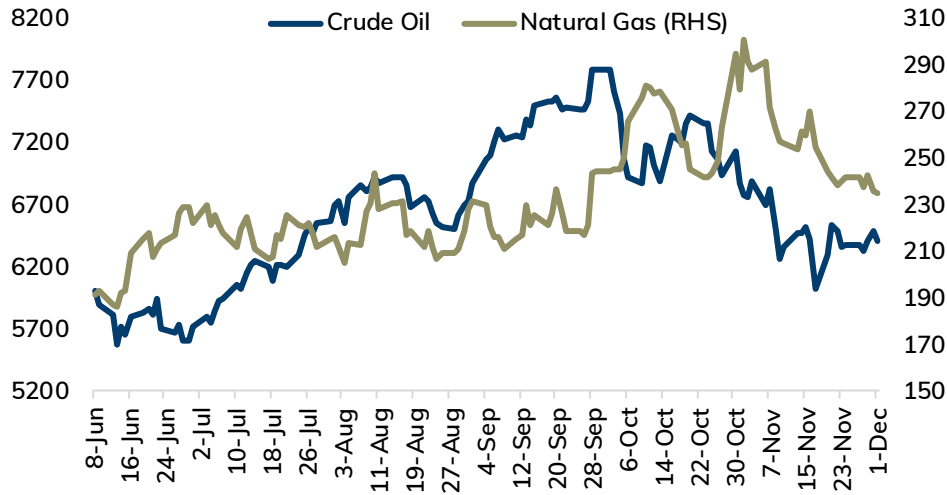
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to hold its ground and move higher amid supply concerns and softness in the dollar. Further, improved manufacturing numbers in China would also increase the metals demand and help the metals to hold its gains. Additionally, less restrictive monetary policy and increasing risk appetite would also favor the bulls to take control
- MCX Copper December is likely to find support near 721 and move towards 730. Only close above 730, it would open the doors towards 736.
- MCX Aluminium December is expected to find the floor near 200 and rebound again towards 203.50-204.00 zone.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil prices are expected to remain under pressure and face the hurdle near \$77 mark amid growing skepticism over production cut by OPEC+. Further, increasing production from the US, which hit its highest level last month would restrict its upside. Last week, the US rig counts has risen to 622. Meanwhile, re-emergence of geopolitical tension could limit its downside.
- MCX Crude oil is likely to weaken towards 6100, as long as it remains under 6450. Only move below 6100 would open the doors towards 6000.
- MCX Natural gas December futures is expected to face the hurdle near 240 and move lower towards 230 amid mild weather forecast in US. A move below 230 would weaken further towards 225.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62278	62817	63100	63639	63922
Silver	76905	77496	77868	78459	78831
Copper	718.6	722.6	724.8	728.8	731.0
Aluminium	199.6	200.7	201.5	202.6	203.4
Zinc	220.1	222.7	224.2	226.8	228.3
Lead	184.7	185.2	185.7	186.2	186.7
Crude Oil	6101	6191	6300	6390	6499
Nat Gas	228	232	235	239	242

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.24	83.31	83.36	83.42	83.47
US\$INR (Jan)	83.31	83.38	83.43	83.49	83.55
EURINR (Dec)	90.66	90.75	90.90	90.99	91.14
EURINR (Jan)	90.87	90.96	91.09	91.18	91.31
GBPINR (Dec)	105.08	105.27	105.43	105.62	105.78
GBPINR (Jan)	105.18	105.37	105.52	105.70	105.86
JPYINR (Dec)	56.36	56.46	56.56	56.66	56.76
JPYINR (Jan)	56.71	56.81	56.91	57.01	57.11

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.27	103.50	-0.22%
US\$INR	83.30	83.39	-0.12%
EURUSD	1.0884	1.0888	-0.04%
EURINR	90.79	91.10	-0.35%
GBPUSD	1.2710	1.2624	0.68%
GBPINR	105.52	105.48	0.04%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.290	7.280	0.01
US	4.196	4.326	-0.1308
Germany	2.362	2.447	-0.085
UK	4.140	4.176	-0.036
Japan	0.697	0.672	0.025

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/29/2023	8:00 PM	1.6M	-0.1M
11/22/2023	8:00 PM	8.7M	0.9M
11/15/2023	8:00 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
10/18/2023	8:00 PM	-4.5M	-0.5M
10/12/2023	8:00 PM	10.2M	-0.4M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	174250	-1000	-0.57%
Aluminium	454375	-5000	-1.09%
Zinc	224275	-1975	-0.87%
Lead	139325	-2250	-1.59%
Nickel	46314	-24	-0.05%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 04, 2023						
3:00 PM	Europe	Sentix Investor Confidence	-	-15	-18.6	Medium
8:30 PM	US	Factory Orders m/m	-	-2.70%	2.80%	Medium
Tuesday, December 05, 2023						
7:15 AM	China	Caixin Services PMI	-	50.7	50.4	High
8:30 PM	US	ISM Services PMI	-	52.5	51.8	High
8:30 PM	US	JOLTS Job Openings	-	9.33M	9.55M	High
Wednesday, December 06, 2023						
4:00 PM	UK	FPC Meeting Minutes	-	-	-	Medium
6:45 PM	US	ADP Non-Farm Employment Change	-	120K	113K	High
9:00 PM	US	Crude Oil Inventories	-	-	1.6M	Medium
Thursday, December 07, 2023						
Tentative	China	Trade Balance	-	380B	405B	Medium
12:30 PM	Europe	German Industrial Production m/m	-	-0.10%	-1.40%	Medium
12:30 PM	UK	Halifax HPI m/m	-	0.30%	1.10%	Medium
7:00 PM	US	Unemployment Claims	-	221K	218K	High
9:00 PM	US	Natural Gas Storage	-	-	10B	Medium
Friday, December 08, 2023						
7:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.20%	High
7:00 PM	US	Non-Farm Employment Change	-	185K	150K	High
7:00 PM	US	Unemployment Rate	-	3.90%	3.90%	High
8:30 PM	US	Prelim UoM Consumer Sentiment	-	62	61.3	High
8:30 PM	US	Prelim UoM Inflation Expectations	-	-	4.50%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto: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](mailto: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](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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