

October 17, 2023

## Daily Currency & Commodities Outlook

### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	October	Sell	265-266	255	272	Intraday
USDINR	October	Sell	83.25-83.26	83.00	83.40	Intraday

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## News and Developments

- Gold prices took a pause in its rally as higher US treasury yields bring a respite in the safe haven buying appeal in the precious metal. Further, investors remained watchful amidst the ongoing geopolitical risk in the Middle East. In addition, hawkish comments from U.S. Treasury Secretary Yellen undercut precious metals when she emphasized on higher interest rates for longer time period in the U.S
- The 10-year US treasury yields gained by 10 bps to 4.71, whereas US dollar index dipped to 106.20.
- The CME Fed-watch told indicates more than 93% probability of Fed leaving rates unchanged in the November meeting.
- NYMEX crude oil prices fell more than 1.0% on reports that US and Venezuela could reach a deal to ease sanction on Venezuela's oil export. Earlier prices rallied to \$88 level after diplomatic efforts to arrange a ceasefire in southern Gaza failed.
- Copper prices edged lower amid higher inventories in LME registered warehouses. LME stocks has gone up to its two year highs at 181200 tons. Prices erased its earlier gains despite the liquidity injection by the China's central bank. Earlier, prices moved higher amidst strong government-led infrastructure investment in China, particularly in renewable power, offsetting ongoing weakness in the property sector.
- US natural gas futures lost more than 2.5% on Monday due to increased production, reduced exports to Mexico, and forecasts of mild late October weather lowering heating and cooling demands.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59166	-0.41%	1920.20	-0.65%
Silver	71037	-0.35%	22.61	-0.47%
Copper	700.5	0.34%	7976.50	0.35%
Aluminium	202.6	-0.22%	2180.50	-0.86%
Zinc	220.5	0.14%	2446.00	0.00%
Lead	185.0	-0.35%	2073.00	1.52%
WTI Crude Oil	7138	-0.34%	86.66	-1.17%
US Nat Gas	261.8	-3.32%	3.11	-3.92%

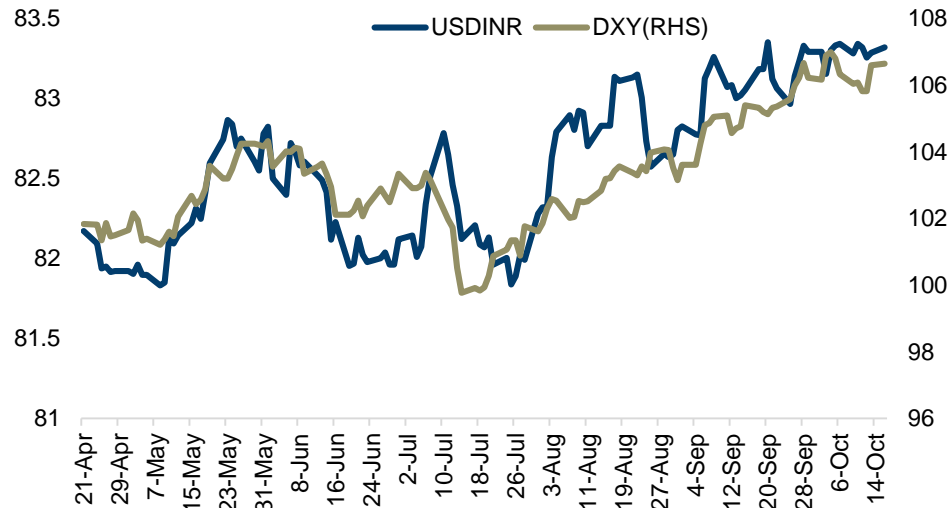
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.30	-0.03%	6125712	-56512	1392324	-673753
EURINR (27th oct)	87.77	0.08%	134710	1791	111866	-63196
GBPINR (27th Oct)	101.26	-0.16%	167732	269	164873	-62021

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	October	Sell	268-269	260	274	Not Initiated
EURINR	October	Sell	87.90-87.92	87.50	88.10	Not Initiated

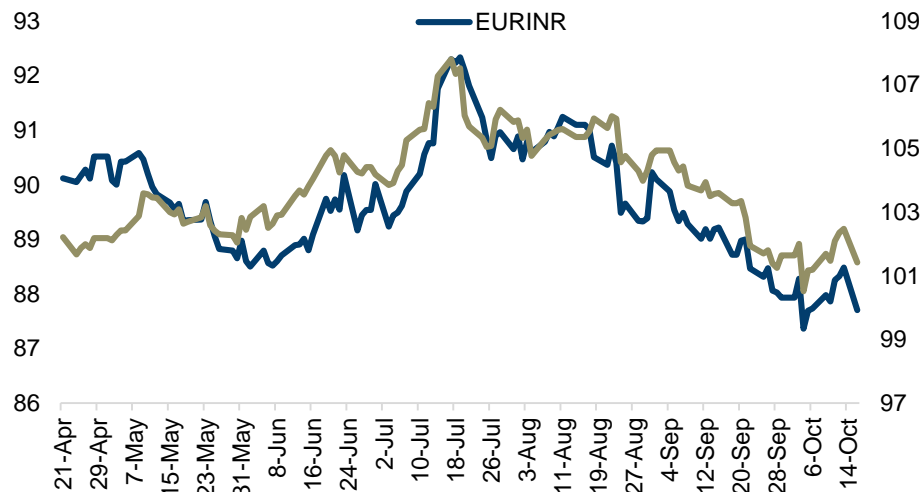
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended at its lifetime closing low amid surge in crude oil prices and weakness in other Asian currencies. Additionally, rupee slipped on muted domestic market
- Rupee is expected to appreciate today amid weakness in dollar and correction in crude oil prices. Oil prices are stabilized on hopes that US would ease sanctions on Venezuela. Dollar is taking back foot as investors braced for slew of speeches from Federal Reserve officials to get cues on interest rate outlook. Meanwhile, risk sentiments remained fragile amid ongoing tension in Middle East. USDINR is likely to rise back towards 83.40 level as long as it sustains above 83.15 levels

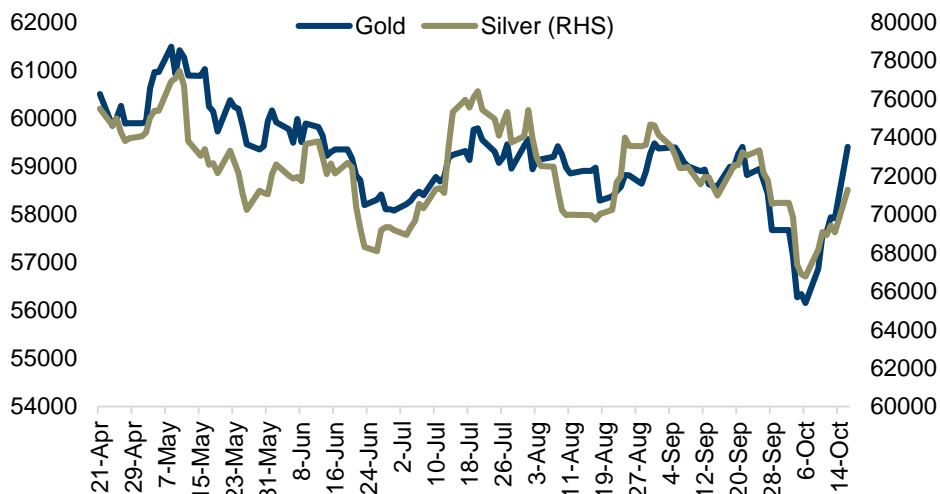
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged higher yesterday amid weak dollar and improved domestic market sentiments. Meanwhile, sharp upside was capped on dovish comments from ECB Governing Council member de Cos. For today, EURUSD is likely to rise further towards 1.0600 levels as long as it remains above 1.0530 levels amid soft dollar and ease of political risk in Euro Zone. Further, expectation of improved economic data from region may support single currency. EURINR may move north towards 88.25 level as long as it stays above support level of 87.60 levels
- Pound is expected to rise towards 1.2250 level amid weak dollar and hawkish comments from BOE policymaker. Meanwhile, investors will remain cautious ahead of job data that will further guide BOE interest rate path. GBPINR is likely to rise towards 101.90 level as long as it trades above 101.20 level.

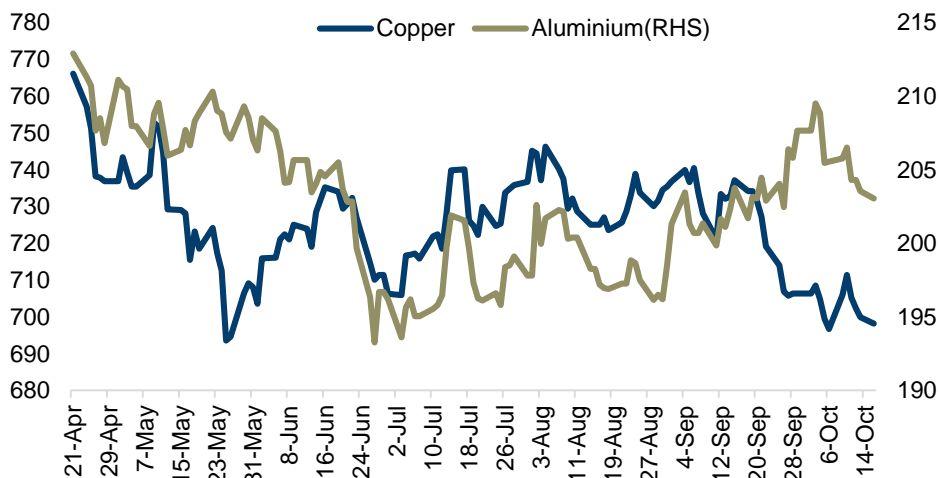
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to find support near \$1900 and rise towards \$1945 amid weakness in the dollar and persistence of safe haven appeal in the bullions. Increasing tension between Israel and Gaza would support the bullions to hold its ground. Further, expectation of weaker economic numbers from the US would support the bullions to hold above the \$1900 mark.
- MCX Gold prices is likely to rise towards 59700, as long as it holds the support 58800.
- MCX Silver is expected to hold the support near 70400 and extend its gains towards 72200.

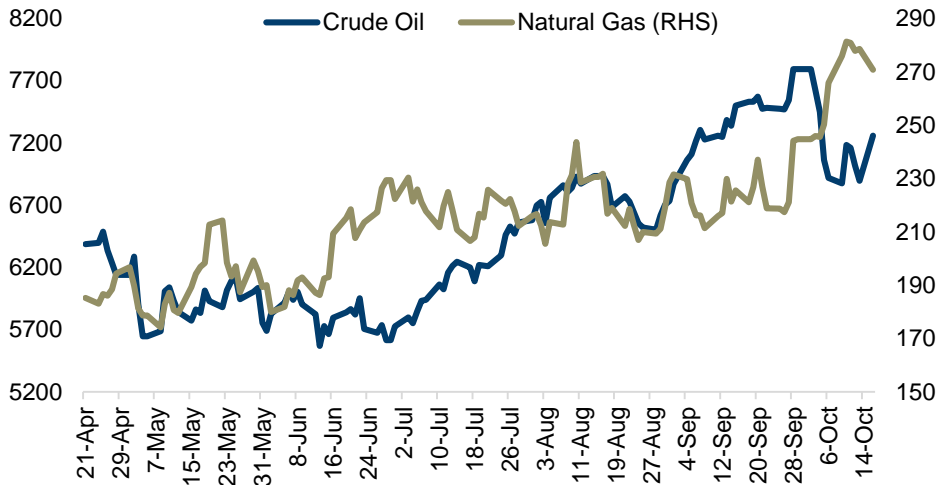
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid weaker demand in major economies and increase in production in South America. Further, expectation of weakness in the Chinese economic numbers would also weigh on the metal prices. Moreover, higher inventory levels would also hurt the prices.
- MCX Copper could face the hurdle near 704 and weaken towards 695. Only close below 695, it would slide towards 690.
- MCX aluminium is expected to weaken towards 202, as long as it trades under 205.50 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to hold its ground above the \$85 mark, amid the persistence of uncertainty in the Middle east. Meanwhile, the increasing probability of sanction relief on Venezuela could prevent oil prices to go beyond the \$88 mark.
- MCX Crude oil November is likely to hold the supports near 7050 and rise towards 7250. Only close below 7050 it would slide towards 6960.
- MCX Natural gas is expected to face the hurdle near 265 and weaken towards 255 amid the forecast of above normal temperature in US.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58709	58937	59109	59337	59509
Silver	70479	70758	71029	71308	71579
Copper	695.8	698.2	700.2	702.6	704.6
Aluminium	201.9	202.2	202.8	203.1	203.7
Zinc	219.3	219.9	220.7	221.3	222.1
Lead	184.0	184.5	185.2	185.7	186.5
Crude Oil	7009	7074	7164	7229	7319
Nat Gas	251	256	261	266	271

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.24	83.27	83.29	83.32	83.34
US\$INR (Nov)	83.34	83.37	83.38	83.40	83.41
EURINR (Oct)	87.55	87.66	87.76	87.87	87.97
EURINR (Nov)	87.75	87.86	87.96	88.07	88.17
GBPINR (Oct)	101.03	101.15	101.29	101.41	101.55
GBPINR (Nov)	101.20	101.33	101.46	101.59	101.72
JPYINR (Oct)	55.76	55.80	55.86	55.91	55.97
JPYINR (Nov)	56.14	56.18	56.23	56.28	56.33

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.24	106.65	-0.38%
US\$INR	83.28	83.26	0.02%
EURUSD	1.0560	1.0510	0.48%
EURINR	87.70	87.66	0.05%
GBPUSD	1.2217	1.2143	0.61%
GBPINR	101.15	101.51	-0.35%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.334	7.317	0.017
US	4.706	4.612	0.0936
Germany	2.785	2.737	0.048
UK	4.481	4.386	0.095
Japan	0.761	0.761	0

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
10/12/2023	8:00 PM	10.2M	-0.4M
10/4/2023	8:00 PM	-2.2M	-0.1M
9/27/2023	8:00 PM	-2.2M	-0.7M
9/20/2023	8:00 PM	-2.1M	-1.3M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	181000	100	0.06%
Aluminium	486600	-2025	-0.41%
Zinc	83450	-3325	-3.83%
Lead	96225	5025	5.51%
Nickel	42870	0	0.00%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
<b>Monday, October 16, 2023</b>						
6:00 PM	US	Empire State Manufacturing Index	-4.6	-6.4	1.9	High
<b>Tuesday, October 17, 2023</b>						
11:30 AM	UK	Claimant Count Change	-	2.3K	0.9K	High
11:30 AM	UK	Average Earnings Index 3m/y	-	8.30%	8.50%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-	-9.5	-11.4	Medium
6:00 PM	US	Retail Sales m/m	-	0.30%	0.60%	High
6:45 PM	US	Industrial Production m/m	-	0.00%	0.40%	Medium
<b>Wednesday, October 18, 2023</b>						
7:30 AM	China	Industrial Production y/y	-	4.30%	4.50%	High
7:30 AM	China	GDP q/y	-	4.50%	6.30%	Medium
11:30 AM	UK	CPI y/y	-	6.60%	6.70%	High
6:00 PM	US	Building Permits	-	1.46M	1.54M	Medium
6:00 PM	US	Housing Starts	-	1.38M	1.28M	Medium
<b>Thursday, October 19, 2023</b>						
6:00 PM	US	Unemployment Claims	-	210K	209K	High
6:00 PM	US	Philly Fed Manufacturing Index	-	-6.7	-13.5	Medium
7:30 PM	US	Existing Home Sales	-	3.89M	4.04M	Medium
9:30 PM	US	Fed Chair Powell Speaks	-	-	-	High
<b>Friday, October 20, 2023</b>						
6:45 AM	China	1-y Loan Prime Rate	-	3.45%	3.45%	High
6:45 AM	China	5-y Loan Prime Rate	-	4.20%	4.20%	High
11:30 AM	UK	Retail Sales m/m	-	-0.30%	0.40%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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