

November 21, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Buy	715.50-716	722	712	Intraday
EURINR	November	Buy	91.28-91.30	91.70	91.10	Intraday

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News and Developments

- Gold prices gave up some of its gains on Monday as investors remained cautious ahead of the Fed meeting minutes. Meanwhile, the weakness in the US dollar helped the bullions to recoup its earlier losses.
- The US dollar index fell to its lowest level in last 2 months amid increasing probability that the Federal Reserve is done with its rate hike regime. The CME Fed watch tool suggest almost 0% probability of rate hike in next two meetings.
- As per the CME Fed watch tool, the probability of rate cut in May 2024 stood above the 45% mark
- The 10-year US Treasury yields ended on a losing side, where as the 2-year yield edged higher on Monday to settle above 4.90%.
- Crude oil futures extended its gains from previous session on the prospects of extension of production cuts from the OPEC + nations ahead of the meeting on this Sunday. Further, softness in the US dollar also pushed the NYMEX Crude oil above the \$77 mark.
- Copper futures hit its highest level over 2 months amid bets of stronger demand from China after China pledged to inject CNY 1 trillion into the manufacturing and infrastructure sector. Further, increasing supply concerns amid protest at a mine in Panama pushed the red metal to gain almost 1% on Monday.
- China's central bank kept its benchmark loan prime rate at record low and injected about 80 billion yuan of liquidity into the economy.
- NYMEX Natural gas declined again on Monday amid higher supplies, but forecast of cooler weather restricted the downside.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60657	-0.09%	1978.07	-0.14%
Silver	72644	-0.68%	23.44	-1.16%
Copper	717.6	0.86%	8430.50	1.98%
Aluminium	205.5	1.01%	2245.50	1.74%
Zinc	228.0	0.35%	2563.50	0.33%
Lead	190.8	-0.03%	2275.00	-0.83%
WTI Crude Oil	6543	3.87%	77.60	2.25%
US Nat Gas	241.8	-1.10%	2.88	-2.64%

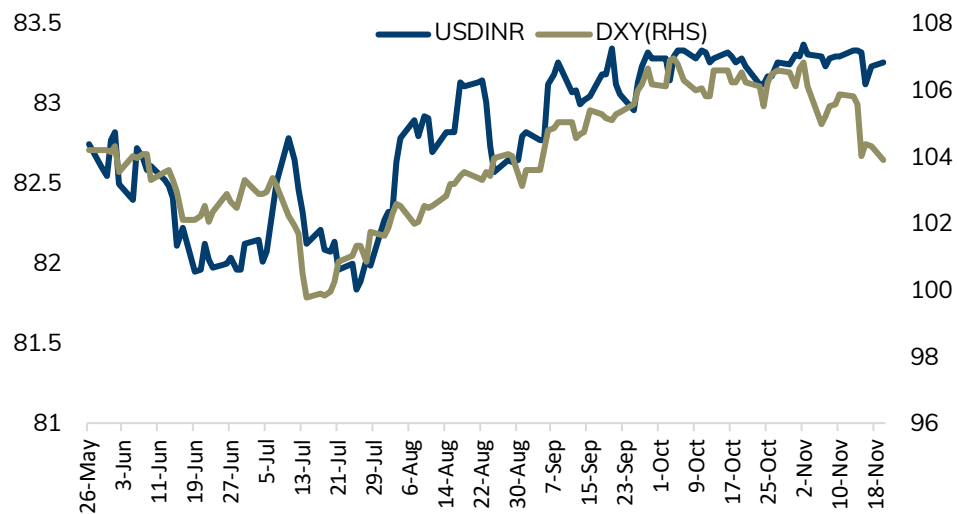
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.38	0.14%	4714731	-109719	1612976	99860
EURINR (27th oct)	91.08	0.63%	168817	10456	179125	5932
GBPINR (27th Oct)	103.93	0.43%	177184	229	176139	-70936

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Buy	709-709.5	715	706	Not Initiated
EURINR	November	Buy	90.69-90.70	91.00	90.50	Not Initiated

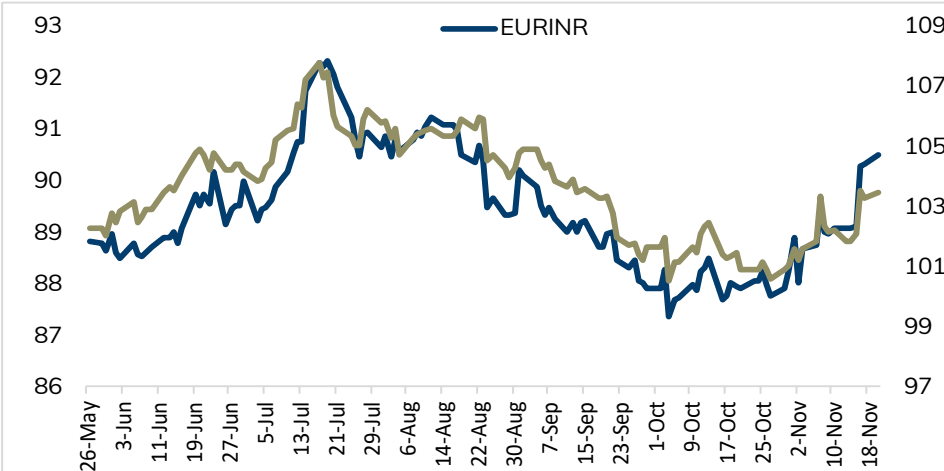
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid weak domestic market sentiments and FII outflows. Further, rupee ended weaker due to sustained dollar demand from state run and foreign banks
- Rupee is likely to appreciate today amid weakness in dollar and softening of US treasury yields. Dollar has lost its steam after recent batch of economic data showed that economy is feeling heat of aggressive rate hike, cementing expectations that US Fed is done with raising interest rates and could opt for rate cut by May 2024. Meanwhile, sharp gains may be prevented on weak domestic market sentiments, FII outflows and re-bounce in crude oil prices. Additionally, investors will remain cautious ahead of FOMC meeting minutes. USDINR may slip to 83.20 level as long as its stays below 83.45 levels

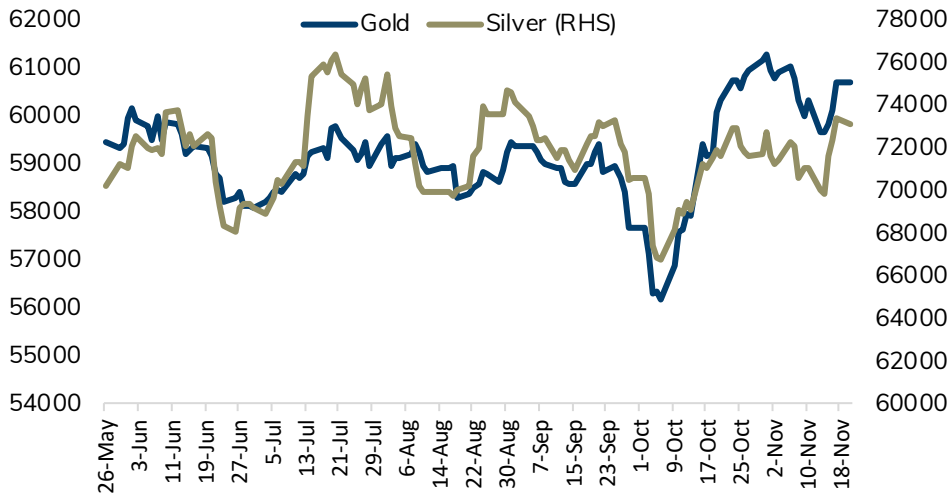
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro rallied by 0.29% yesterday amid weakness in dollar and improved domestic market sentiments. Further, hawkish comments from ECB Governing Council member Wunsch supported single currency. He said ECB may have to raise interest rates again if overly dovish market expectations undermine the ECB's policy stance. For today, EURUSD is likely to rise further towards 1.100 level as long as it holds the support near 1.0910 level amid soft dollar. Meanwhile, investors will remain cautious ahead of ECB President Lagarde speech for cues on interest rate outlook. EURINR may rally further till 91.75 as long as it trades above 91.00
- Pound is likely to move north towards 1.2600 level amid weakness in dollar and rise in gilt yields after Prime Minister Rishi Sunak said his government would turn to cutting tax after a fall in inflation. GBPINR is likely to move higher towards 104.80 level as long as it stays above 104.

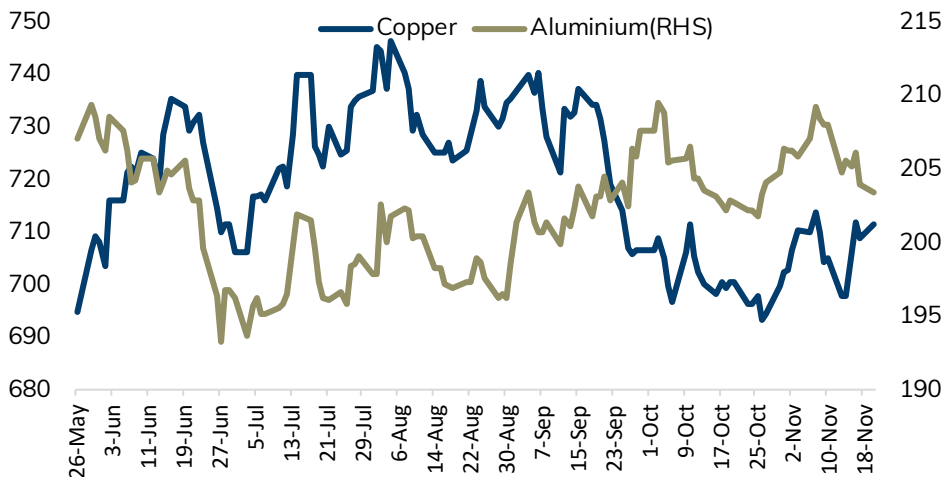
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to trade higher today amid softness in the dollar and US treasury yields. Increasing bets of Fed pause in its rate hike cycle would support the spot gold to rise towards the \$2000 mark. Last week's better-than expected inflation numbers and rise in weekly jobless claims numbers has strengthened the speculation that the Fed is done raising rates. Meanwhile, focus will shift towards today key US existing home sales numbers and FOMC meeting minutes.
- MCX gold is expected to trade higher towards 61,000, as long as it holds above the 20 day EMA support at 60,250
- MCX Silver is likely to follow the yellow metal and rise towards 73,800, as long as it trades above the 72,000 mark.

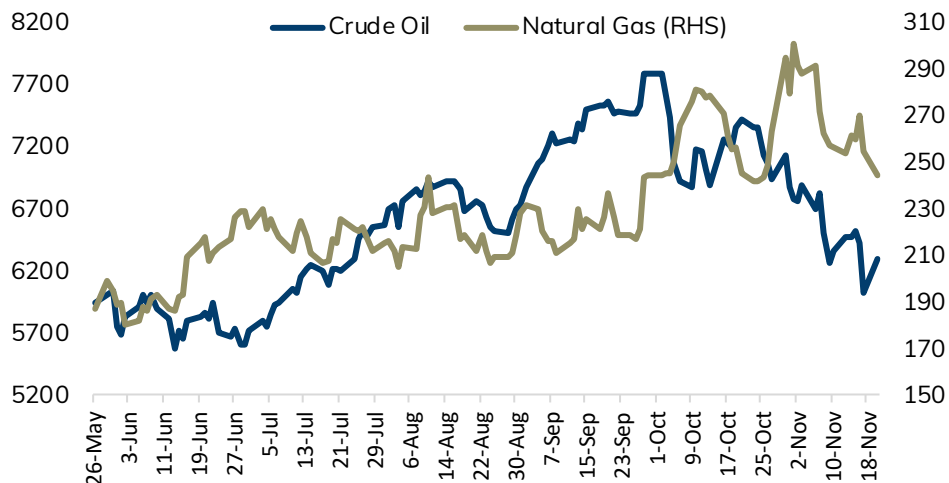
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to extend its rally on Tuesday amid softness in the dollar and renewed supply concerns. Workers strike at Las Bambas copper mine has entered its 2nd day and the union is planning a new indefinite strike. Moreover, increasing speculation on shutdown of Panama copper mine would also support the metal to trade firm.
- MCX Copper is expected to rise towards 724, as long as it holds above the 714 level.
- MCX Aluminium is expected to rise towards 207, as long as it trades above the 204 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to rise again towards the \$79 mark as long as it holds above the \$74 level amid softness in the dollar. Further, speculation on supply cuts from OPEC+ would also support the oil prices to trade higher. Moreover, expectation of further measures from China to boost the economy would help the oil prices to regain its strength. Meanwhile, higher supplies from the Non-OPEC nations could restrict the gains beyond the \$80 mark.
- MCX Crude oil is likely to rise towards 6650, as long as it holds above 6350. A move above 6650 would open the doors towards 6800 mark.
- MCX Natural gas is expected to weaken further towards 235, as long as it trades under 248 mark.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60178	60417	60596	60835	61014
Silver	71389	72016	72688	73315	73987
Copper	710.9	714.2	716.4	719.7	721.9
Aluminium	204.2	204.8	205.3	205.9	206.4
Zinc	225.5	226.7	228.2	229.4	230.9
Lead	189.2	190.0	191.1	191.9	193.0
Crude Oil	6313	6428	6488	6603	6663
Nat Gas	235	239	243	246	250

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Nov)	83.19	83.29	83.34	83.43	83.48
US\$INR (Dec)	83.25	83.34	83.39	83.48	83.53
EURINR (Nov)	90.74	90.91	91.03	91.20	91.33
EURINR (Dec)	90.87	91.04	91.17	91.34	91.47
GBPINR (Nov)	103.58	103.76	104.00	104.18	104.42
GBPINR (Dec)	103.58	103.78	104.03	104.23	104.49
JPYINR (Nov)	55.77	56.05	56.21	56.49	56.65
JPYINR (Dec)	56.08	56.35	56.51	56.77	56.93

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.44	103.92	-0.46%
US\$INR	83.35	83.27	0.09%
EURUSD	1.0940	1.0915	0.23%
EURINR	91.15	90.38	0.86%
GBPUSD	1.2505	1.2462	0.35%
GBPINR	104.26	103.34	0.90%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.257	7.216	0.041
US	4.420	4.435	-0.0156
Germany	2.611	2.588	0.023
UK	4.125	4.104	0.021
Japan	0.750	0.756	-0.006

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
10/4/2023	8:00 PM	-2.2M	-0.1M
9/27/2023	8:00 PM	-2.2M	-0.7M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	179975	-1300	-0.72%
Aluminium	479775	-2000	-0.42%
Zinc	133525	475	0.36%
Lead	135925	0	0.00%
Nickel	44358	42	0.09%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 20, 2023						
6:45 AM	China	1-Y Loan Prime Rate	3.45%	3.45%	3.45%	High
6:45 AM	China	5-Y Loan Prime Rate	4.20%	4.20%	4.20%	High
Tuesday, November 21, 2023						
8:30 PM	US	Existing Home Sales	-	3.90M	3.96M	Medium
Wednesday, November 22, 2023						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:00 AM	US	Unemployment Claims	-	226K	231k	High
7:00 AM	US	Durable Goods Orders m/m	-	-3.2%	4.7%	Medium
8:30 PM	US	Revised UoM Consumer Sentiment	-	61.10	60.40	Medium
9:00 PM	US	Crude Oil Inventories	-	-	3.6M	Medium
Thursday, November 23, 2023						
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.2	42.8	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	41.1	40.8	High
2:30 PM	Europe	Flash Manufacturing PMI	-	43.3	43.1	Medium
2:30 PM	Europe	Flash Services PMI	-	48.0	47.8	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	45	44.8	High
3:00 PM	UK	Flash Services PMI	-	49.5	49.5	High
Friday, November 24, 2023						
2:30 PM	Europe	German Final GDP q/q	-	-0.10%	-0.10%	Medium
3:30 PM	Europe	German ifo Business Climate	-	87.5	86.9	Medium
8:15 PM	US	Flash Manufacturing PMI	-	49.9	50	High
8:15 PM	US	Flash Services PMI	-	50.4	50.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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