

September 25, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude oil	October	Buy	7450-7455	7600	7350	Intraday
GBPINR	September	Sell	101.85-101.86	101.50	102.05	Intraday

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News and Developments

- Spot Gold prices edged up on Friday amid retreat in US treasury yields and disappointing economic data out of major countries across globe. Additionally, key central banks decided to stand pat on interest rates
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 74.5% from 72.5% a day ago while, prospects for increase by 25bps in November meeting has moved down to 25.5% from 27.5% a day ago
- Benchmark 10 year treasury yields eased from 16-year highs as investors now await on key economic releases for further cues on rate outlook. Yield on benchmark US 10-year treasury note decline to 4.44% and 2-year treasury yield, which typically moves in step with interest rate expectations fell to 5.123%
- Crude oil prices edged higher on Friday as markets weighed supply concerns stemming from Russia's fuel export ban against demand woes from future rate hikes. Additionally, US oil rig counts, an indicator of future production also declined by 8 to 507 this week, their lowest since February 2022
- Copper prices retreated due to strong dollar, pessimistic global market sentiments after key central banks signalled that monetary policy would remain restrictive for longer. Further, weak economic data from major countries across globe and rising inventories at LME registered warehouses added downside pressure.
- Aluminium rose as LME's on warrant stocks fell to 1 month low after new cancellations in 3 different locations, including south Korea's Gwangyang port

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58946	-0.77%	1925.23	-0.26%
Silver	73337	0.15%	23.56	1.39%
Copper	718.3	-1.53%	8222.00	-1.48%
Aluminium	205.8	-0.27%	2240.50	-0.69%
Zinc	226.4	0.13%	2562.00	0.25%
Lead	187.7	-0.45%	2214.00	0.00%
WTI Crude Oil	7473	-0.03%	90.03	-0.28%
US Nat Gas	218.7	-3.66%	2.64	-3.51%

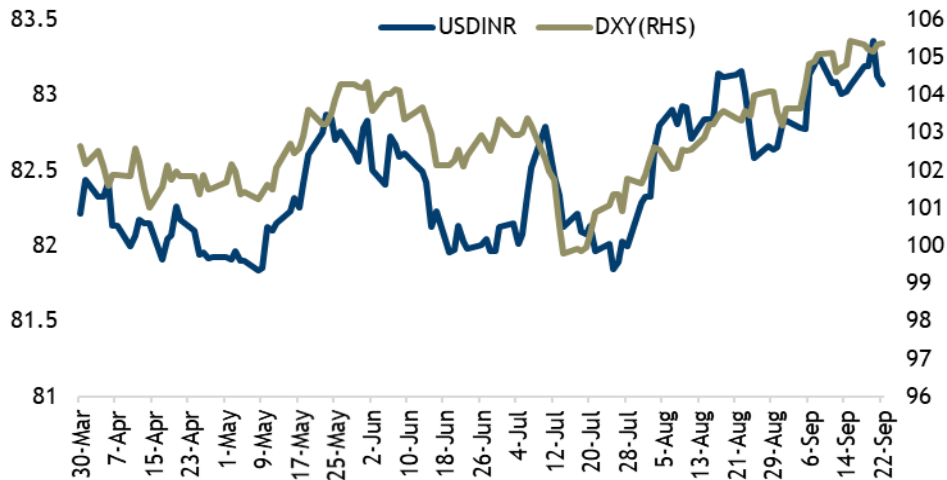
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	82.97	-0.19%	3296000	-335063	2305661	-751565
EURINR (26th Sep)	88.31	-0.77%	98020	-16238	134519	26906
GBPINR (26th Sep)	101.70	-1.09%	178642	-21522	241232	-36024

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	September	Sell	721-721.50	714	725	Not Initiated
GBPINR	September	Sell	102.10-102.12	101.5	102.3	Not Initiated

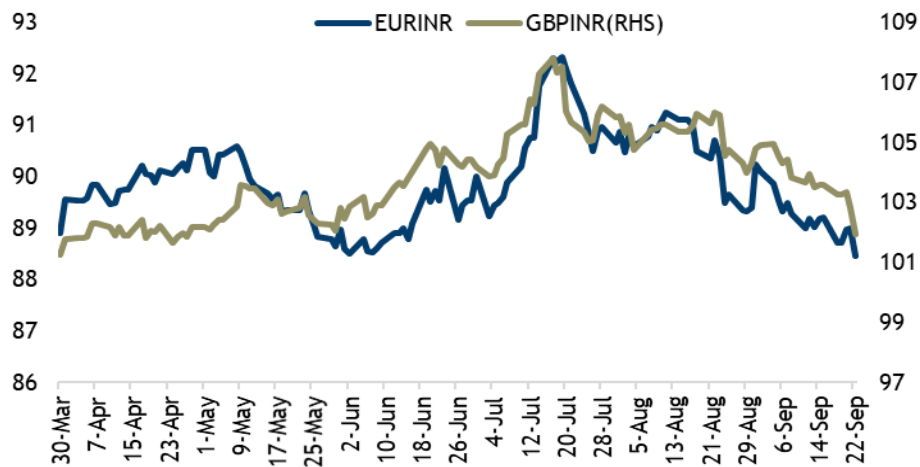
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated on Friday to settle below the 83.00 mark on expectation of large inflow of funds into the domestic market after JP Morgan announced to include India's sovereign bonds to its global EM index.
- USDINR is expected to find support near 82.70 and move back towards 83.10 amid firm dollar and higher crude oil prices. The increasing bets of higher for longer interest rates would help the dollar to regain its strength against the rupee. Further hawkish comments from the Fed members would also support the dollar to hold its gains. USDINR is expected to find support near 82.70 and move towards 83.10.

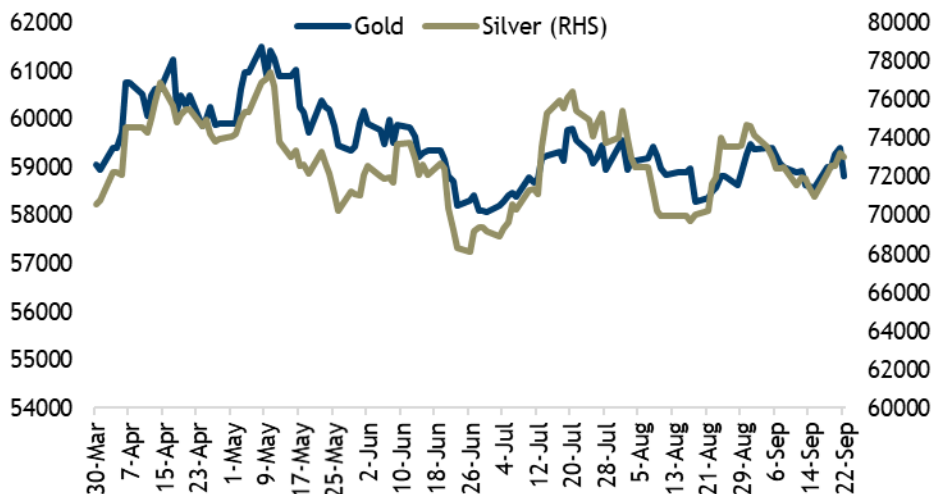
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro remained near the lower end of the range amid firm dollar and weaker economic numbers from the Euro zone. Euro could face the resistance near 1.068 and weaken further towards 1.06 amid stronger dollar and expectation of weaker German ifo Business climate. Meanwhile, focus will remain on the ECB president's speech. EURINR is likely to face the hurdle near 88.80 and weaken towards 88.20.
- The pound hit the lowest level in last six months amid firm dollar and weaker set of economic numbers. The pair is expected to slide towards 1.22 as long as it trades under 1.23. Only close below 1.22 would weaken further towards 1.2150. GBPINR is expected to move towards 101.20, as long as the pair trades below 102.20.

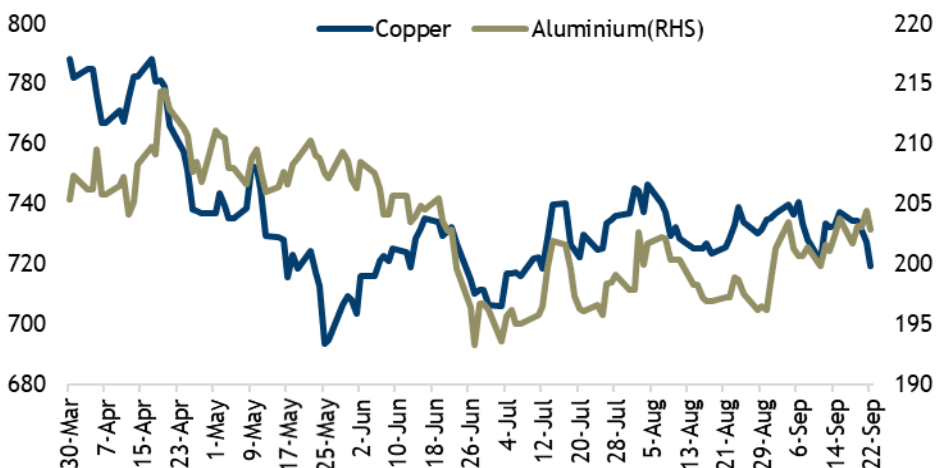
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support of \$1910 levels (200-Day EMA) and rise towards \$1932 levels amid expectation of correction in Dollar and soft US treasury yields. Additionally, demand for safe haven may increase as investors will buy gold as a hedge against economic uncertainty. Moreover, investors will be watching events in US where lawmakers are haggling over spending bill with 30th September deadline to avert a potential government shutdown
- MCX Gold prices is likely to move north towards 59,200 level as long as it trades above the support level of 58,700 levels
- MCX Silver is expected to follow gold prices and move higher towards 74,400 level as long as it sustains above 72,900 level

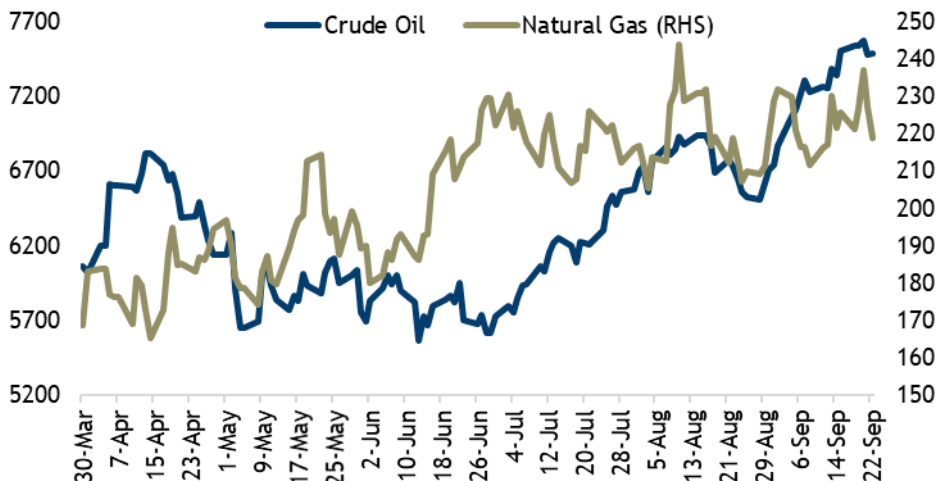
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid risk aversion in the global markets and rising inventories at LME registered warehouses. Copper stocks are at their highest since May 2022 and data by ICSG showed that copper market was in surplus in the January-July period. Market sentiments are hurt as key central banks reinforced message that interest rates will remain higher for longer and weak economic data from the major economies
- MCX Copper may slip further towards 711 levels as long as it trades below 723 levels
- MCX aluminium is expected to move upward towards 205.00 level as it stays above support level of 202.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further till \$92 levels as growing concerns over tighter global supplies will outweigh concerns over potential slowdown in demand. Fuel export ban from Russia comes amidst tight supply with Russia and Saudi Arabia extending their production curbs until end of this year. Meanwhile sharp upside may be capped on pessimistic global market sentiments. Additionally, investors fear that higher borrowing cost for longer duration could slow economic growth and reduce oil demand.
- MCX Crude oil is likely to move up towards 7600 level as long as it sustains above 7350 levels
- MCX Natural gas October is expected to move downwards towards 230 level as long as it stays below 245 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58630	58788	58887	59045	59144
Silver	72570	72954	73367	73751	74164
Copper	714.0	716.1	720.0	722.2	726.1
Aluminium	203.6	204.7	205.4	206.5	207.2
Zinc	224.0	225.2	226.1	227.3	228.2
Lead	186.5	187.1	188.0	188.6	189.5
Crude Oil	7331	7402	7491	7562	7651
Nat Gas	213	216	219	222	226

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.73	82.85	82.92	83.04	83.12
US\$INR (Oct)	82.85	82.96	83.05	83.16	83.25
EURINR (Sep)	87.88	88.10	88.28	88.50	88.68
EURINR (Oct)	88.12	88.33	88.51	88.72	88.90
GBPINR (Sep)	101.23	101.46	101.71	101.95	102.20
GBPINR (Oct)	101.41	101.64	101.88	102.11	102.35
JPYINR (Sep)	55.79	55.90	56.01	56.12	56.22
JPYINR (Oct)	56.23	56.33	56.44	56.54	56.65

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.58	105.33	0.24%
US\$INR	82.94	83.08	-0.17%
EURUSD	1.0653	1.0661	-0.08%
EURINR	88.22	88.88	-0.75%
GBPUSD	1.2241	1.2344	-0.83%
GBPINR	101.53	102.79	-1.23%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.187	7.175	0.012
US	4.434	4.407	0.0267
Germany	2.739	2.702	0.037
UK	4.249	4.215	0.034
Japan	0.746	0.727	0.019

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	162900	7200	4.62%
Aluminium	482300	-3850	-0.79%
Zinc	105400	-6200	-5.56%
Lead	74300	425	0.58%
Nickel	41292	252	0.61%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 25, 2023						
1:30 PM	Europe	German if o Business Climate		85.10	85.70	Medium
Tuesday, September 26, 2023						
7:30 PM	US	CB Consumer Confidence		105.50	106.10	High
7:30 PM	US	New Home Sales		699K	714K	Medium
Wednesday, September 27, 2023						
6:00 PM	US	Durable Goods Orders m/m		-0.5%	-5.2%	Medium
8:00 PM	US	Crude Oil Inventories		-	-2.1%	Medium
Thursday, September 28, 2023						
All Day	Europe	German Prelim CPI m/m		0.3%	0.3%	High
6:00 PM	US	Final GDP q/q		2.3%	2.1%	High
6:00 PM	US	Unemployment Claims		213k	201k	High
7:30 PM	US	Pending Home Sales m/m		0.30%	0.90%	Medium
Friday, September 29, 2023						
1:30 AM	US	Fed Chair Powell Speaks				High
11:30 AM	UK	Final GDP q/q		0.2%	0.2%	High
2:30 PM	Europe	CPI Flash Estimate y/y		4.8%	5.3%	High
6:00 PM	US	Core PCE Price Index m/m		0.20%	0.20%	High
6:00 PM	UK	ECB President Lagarde Speaks		-	-	High
7:30 PM	US	Revised UoM Consumer Sentiment		67.7	67.7	High

Source: Bloomberg, Reuters, ICICI Direct Research



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