

October 25, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Buy	705-705.5	712	701	Intraday
EURINR	October	Sell	88.08-88.10	87.70	88.30	Intraday

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News and Developments

- Gold prices edged lower on Tuesday as stronger dollar weighed on the bullions. Also, stronger than expected US manufacturing restricted the upside in the bullions.
- The dollar index rebounded from its 1-month low and turned higher after stronger-than-expected U.S. manufacturing news pushed T-note yields higher. The US ISM manufacturing and Service PMI indicated expansion in the business activity
- Meanwhile, the yield on the US 10-year Treasury note breached the 5.0% on Monday, but retreated on Tuesday towards 4.82 mark.
- NYMEX crude oil fell more than 2% on Tuesday as investors recognized that the Israel-Hamas conflict is currently under control, leading to a reduction in the war-risk premium. Further, increasing probability of sanction suspension on Venezuela has also weighed on the oil prices. Meanwhile, larger than expected draw down in API crude oil stocks restricted the downside.
- Copper prices rebounded on Tuesday as the top metal consumer China approved fresh round of stimulus to support the economic recovery in the region. China's top parliament body approved a bill that will allow local governments to front-load part of their 2024 bond quotas and issuance of new sovereign debt, helping to shore up economic recovery .
- US natural gas futures gained more than 2% on forecasts for cooler US temperatures which would boost the heating demand. However, higher inventories and decline in U.S. electricity output has checked more upside in prices.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60537	-0.10%	1970.97	-0.10%
Silver	71786	-0.40%	22.92	-0.26%
Copper	705.9	0.43%	8051.50	1.00%
Aluminium	204.6	0.74%	2191.00	0.69%
Zinc	220.9	0.32%	2442.50	0.93%
Lead	185.8	-0.16%	2109.50	0.33%
WTI Crude Oil	6974	-1.43%	83.74	-2.05%
US Nat Gas	245.2	0.70%	2.97	1.54%

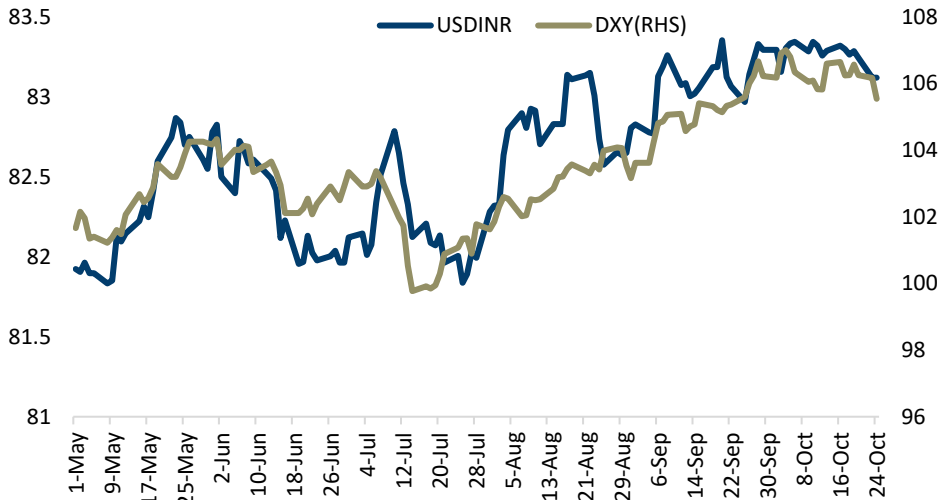
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.18	0.07%	5060160	-136231	1237177	-1116604
EURINR (27th oct)	88.24	0.21%	117620	-6017	136364	15903
GBPINR (27th Oct)	101.19	0.30%	138804	-18966	169231	-35562

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	October	Sell	699-700	690	704	Exit in Loss
GBPINR	October	Buy	100.88-100.90	101.25	100.70	Not Initiated

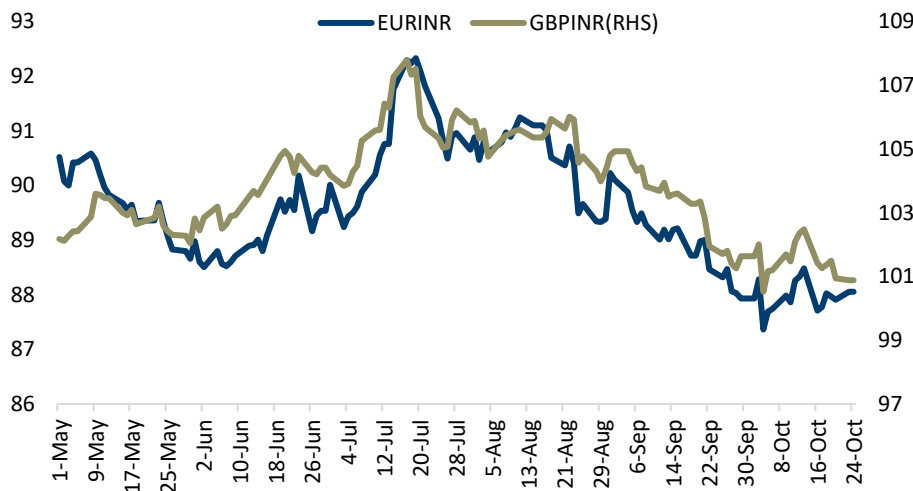
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Monday amid elevated US treasury yields and weak global market sentiments. Further, rupee tracked weakness in other Asian currencies
- Rupee is expected to depreciate today amid re-bounce in dollar. Dollar moved higher as fresh economic data from US showed resilience in economy. US business output ticked higher in October as manufacturing sector pulled out of 5-month contraction. However, sharp fall may be prevented on softening of crude oil prices and improved Asian market sentiments after China's top parliament approved 1-trillion yuan bond issue. USDINR is likely to rise back towards 83.25 level as long as it sustains above 83.00 levels

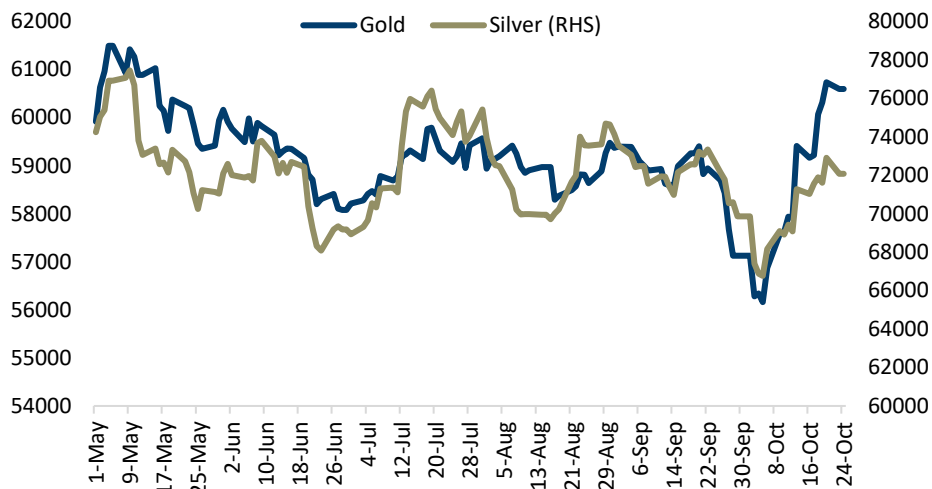
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower yesterday due to re-bounce in dollar and disappointing economic data from euro zone. Further, dovish comments from ECB President Lagarde hurt single currency. For today, EURUSD is likely to slip further towards 1.0540 levels as long as it remains below 1.0640 levels amid strong dollar and as weaker than expected economic data from euro zone raised concerns over economic health. Additionally, ECB President Lagarde said Eurozone economy faces stagnation for next few quarter. EURINR may move south towards 87.70 level as long as it stays below 88.30 levels
- Pound is expected to dive towards 1.2100 level amid strong dollar and weaker than expected economic data from Britain. Data showed UK labor market lost more steam and Business activity continued to deteriorate. GBPINR is likely to edged lower towards 100.50 level as long as it trades below 101.20 level.

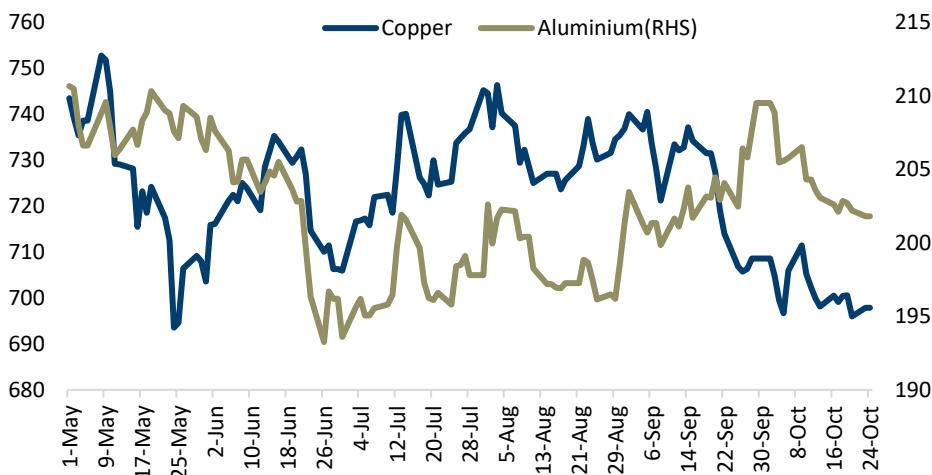
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely face the resistance near \$1985 and weaken towards \$1955 amid strong dollar and ease in safe-haven buying. Delay in Israel's ground invasion in Gaza would diminish the safe haven appeal in the metal. Meanwhile, expectation of higher for longer interest rates in US could check the upside momentum in bullions. The CME Fed-watch tool indicates a 99% probability of no change in November. Meanwhile, investors will remain cautious ahead of speech from the Fed chair Powell
- MCX Gold prices is likely to dip towards 60000, as long as it trades below 60740. Only above 60740 it would again turn bullish.
- MCX Silver is expected to face the resistance near 72800 and move south towards 71000.

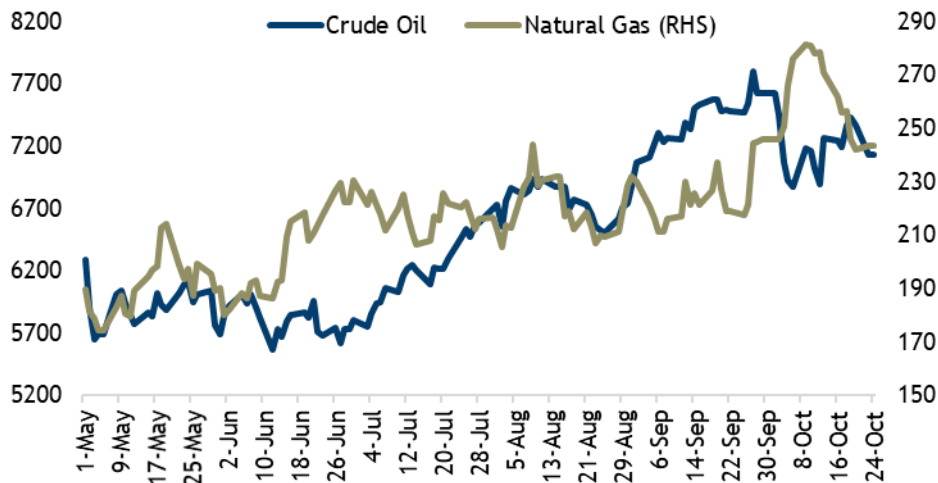
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected hold to its gains after fresh stimulus measures from China. However, strong dollar and weaker manufacturing activity in Eurozone could limit its upside. Moreover, higher inventory levels in LME would also weigh on the metal prices.
- MCX Copper is likely to rise towards 714, as long as it holds above the 700 mark. A move above 714 would open the doors towards 720.
- MCX aluminium is expected to hold the support near 203 and move towards 206 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected find the floor near the \$82 mark and rebound towards \$87 level amid tighter US supplies. Further, uncertainty in the Middle east could also help the oil prices to recover some of its earlier losses. Meanwhile, stronger dollar and weaker economic numbers in the Eurozone would check its upside.
- MCX Crude oil November is likely to find support near 6800 and rebound towards 7100
- MCX Natural gas November is expected to hold the key support of 270 and move north towards 280 amid forecast of cooler temperature in some parts of US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59963	60250	60412	60699	60861
Silver	70705	71246	71543	72084	72381
Copper	697.1	701.5	704.4	708.8	711.7
Aluminium	201.3	202.9	203.9	205.5	206.5
Zinc	218.9	219.9	220.6	221.6	222.2
Lead	185.3	185.5	185.9	186.2	186.6
Crude Oil	6763	6869	6975	7081	7187
Nat Gas	239	242	245	248	251

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.07	83.12	83.16	83.21	83.25
US\$INR (Nov)	83.15	83.20	83.23	83.29	83.32
EURINR (Oct)	87.79	88.01	88.16	88.38	88.52
EURINR (Nov)	87.99	88.20	88.34	88.56	88.70
GBPINR (Oct)	100.84	101.02	101.17	101.35	101.50
GBPINR (Nov)	100.99	101.17	101.31	101.48	101.63
JPYINR (Oct)	55.49	55.53	55.56	55.60	55.64
JPYINR (Nov)	55.87	55.90	55.93	55.97	56.00

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.27	105.54	0.70%
US\$INR	83.19	83.12	0.08%
EURUSD	1.0590	1.0670	-0.75%
EURINR	88.12	88.02	0.11%
GBPUSD	1.2160	1.2249	-0.73%
GBPINR	101.07	100.79	0.27%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.379	7.363	0.016
US	4.823	4.850	-0.0273
Germany	2.828	2.874	-0.046
UK	4.539	4.599	-0.06
Japan	0.851	0.877	-0.026

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	187475	-2975	-1.56%
Aluminium	484450	-2000	-0.41%
Zinc	74650	-1600	-2.10%
Lead	117175	1950	1.69%
Nickel	44880	18	0.04%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 23, 2023						
7:30 PM	Europe	Consumer Confidence	-18	-18	-18	Medium
Tuesday, October 24, 2023						
11:30 AM	UK	Claimant Count Change	20.4K	2.3K	0.9K	High
12:45 PM	Europe	French Flash Manufacturing PMI	42.6	44.4	44.2	High
1:00 PM	Europe	German Flash Manufacturing PMI	40.7	40.1	39.6	High
1:30 PM	Europe	Flash Manufacturing PMI	43.0	43.6	43.4	Medium
2:00 PM	UK	Flash Manufacturing PMI	45.2	44.7	44.3	High
7:15 PM	US	Flash Manufacturing PMI	50.0	49.5	49.8	High
7:15 PM	US	Flash Services PMI	50.9	49.9	50.1	High
7:30 PM	US	Richmond Manufacturing Index	3	3	5	Medium
Wednesday, October 25, 2023						
1:30 PM	Europe	German ifo Business Climate	-	85.9	85.7	High
7:30 PM	US	New Home Sales	-	684K	675K	Medium
8:00 PM	US	Crude Oil Inventories	-	-0.5M	-4.5M	Medium
Thursday, October 26, 2023						
5:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
6:00 PM	US	Advance GDP q/q	-	4.30%	2.10%	High
6:00 PM	US	Unemployment Claims	-	209K	198K	High
6:00 PM	US	Durable Goods Orders m/m	-	1.60%	0.10%	High
6:15 PM	Europe	ECB Press Conference	-	-	-	High
7:30 PM	US	Pending Home Sales m/m	-	-1.40%	-7.10%	Medium
Friday, October 27, 2023						
6:00 PM	US	Core PCE Price Index m/m	-	0.30%	0.10%	High
7:30 PM	US	Revised UoM Consumer Sentiment	-	63	63	High

Source: Bloomberg, Reuters, ICICI Direct Research



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