

October 19, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	November	Buy	59330-59350	59820	59100	Intraday
EURINR	October	Sell	87.93-87.95	87.55	88.15	Intraday

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## News and Developments

- Gold prices rose more than 1% on Wednesday after the deadly blast in Gaza raised concerns of an escalation of geopolitical risk in Middle east. The safe haven appeal in the bullions pushed the spot gold to cross above \$1960. Meanwhile gains in the dollar index and US treasury yields restricted the spot gold to sustain above \$1960
- The 10-year US treasury yields gained by 8 bps to 4.92 after better than expected US housing data supported the higher for longer interest rate outlook.
- The CME Fed-watch told indicates more than 95% probability of Fed leaving rates unchanged in the November meeting.
- NYMEX crude oil prices gained almost 1% yesterday amid bigger than expected US inventory draw and rising tension in the Middle East. Iranian Foreign Minister has urged members of the Organization of Islamic Cooperation to impose an oil embargo on Israel.
- On the inventory front, EIA has reported a withdraw of 4.5 Million barrels of crude last week. The decline included a drop of 0.8 million barrels at the Cushing storage facility in Oklahoma to its lowest level since October 2014.
- Copper prices edged lower despite better than expected economic data from China. China's economy expanded at 4.9% YoY against market expectation of 4.5%. Meanwhile stronger dollar and higher LME inventories checked its upside. Copper inventory in LME jumped 6% on Wednesday to 191675 tons highest in 2-years.
- US natural gas futures extended its losses on Tuesday amid forecast of mild temperature in US. Further, higher inventory levels in US also hurt the demand outlook in gas prices.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60073	1.44%	1947.55	1.27%
Silver	71895	0.46%	22.84	0.14%
Copper	700.5	0.19%	7972.50	0.03%
Aluminium	202.9	0.37%	2182.00	0.23%
Zinc	219.6	0.32%	2436.50	0.64%
Lead	186.5	0.27%	2101.50	1.13%
WTI Crude Oil	7275	2.54%	88.32	1.92%
US Nat Gas	256.3	0.20%	3.06	-0.75%

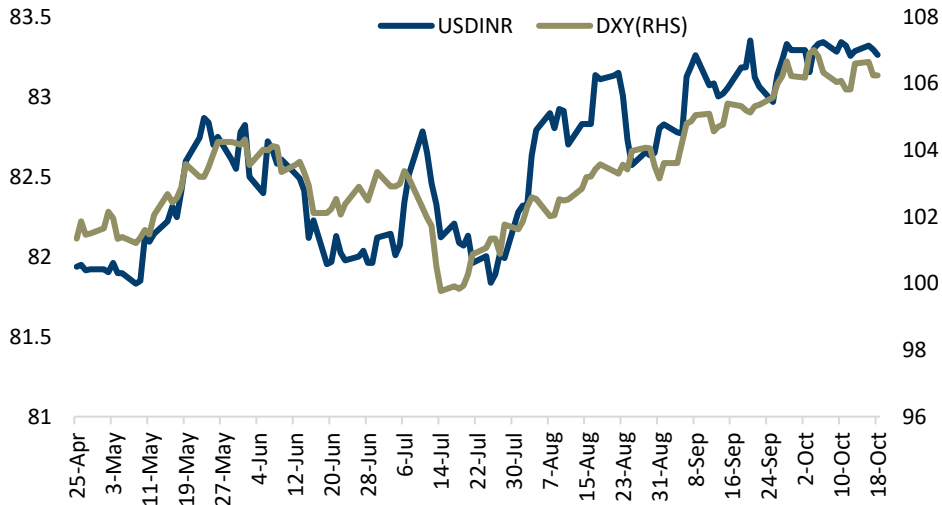
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.29	0.03%	5714021	-180637	1093384	-88926
EURINR (27th oct)	87.97	-0.06%	127156	-600	144781	-22058
GBPINR (27th Oct)	101.49	0.13%	153993	-4967	194178	4632

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	November	Buy	7140-7150	7300	7050	Not Initiated
GBPINR	October	Sell	101.50-101.52	101.10	101.70	Stoploss triggered

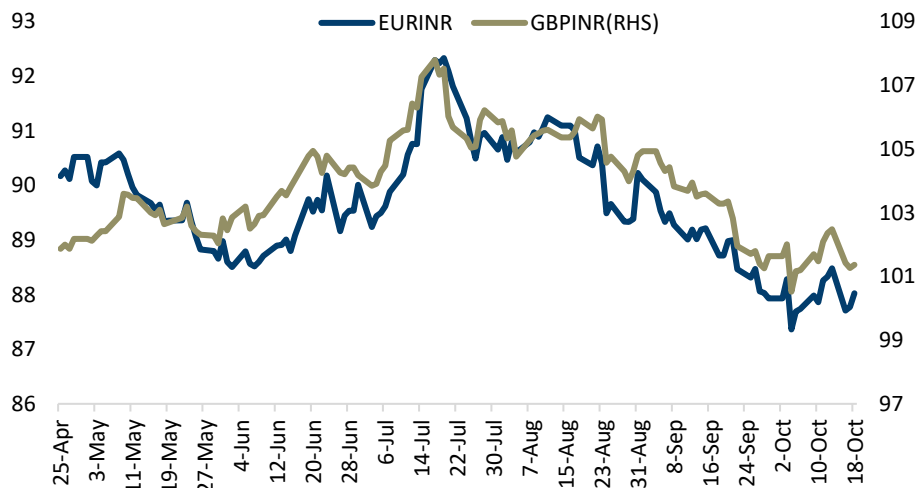
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated marginally yesterday amid surge in crude oil prices and risk aversion in the domestic markets. Meanwhile, likely US dollar sale by central bank kept rupee off its record low
- Rupee is expected to depreciate today amid strong dollar and rise in US treasury yields. Yields are rising on growing hopes that US Fed will keep rate higher for longer duration. Further, rupee may slip on surge in crude oil prices and pessimistic global market sentiments. Additionally, investors will remain cautious ahead of US Fed Chair Powell speech to get cues on interest rate outlook and war between Hamas and Israel for signs of escalation. USDINR is likely to rise back towards 83.40 level as long as it sustains above 83.20 levels

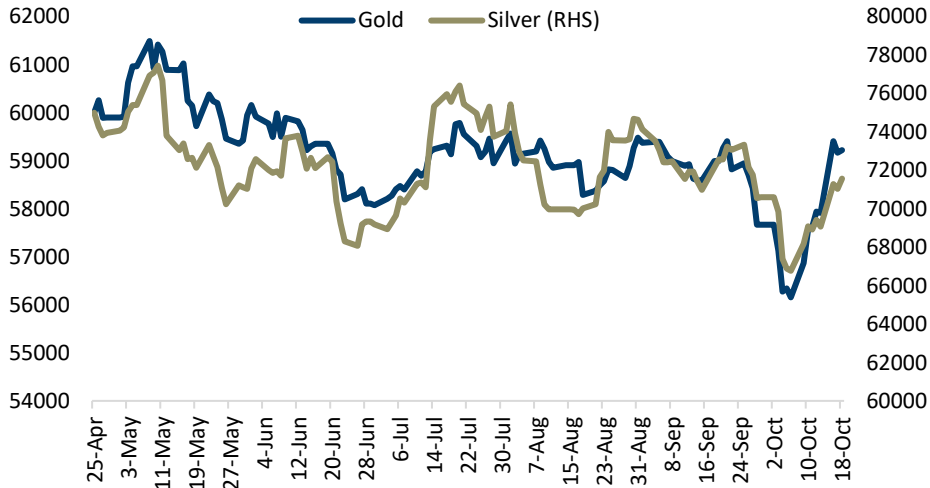
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro slipped yesterday amid strong dollar and risk aversion in the global markets. Further, dovish comments from ECB Governing Council member Stournaras weighed on single currency. For today, EURUSD is likely to slip further towards 1.0480 levels as long as it remains below 1.0550 levels amid strong dollar and weak global market sentiments. Meanwhile, investors will remain vigilant ahead of US economic data and speeches from US Fed officials to get clarity on interest rate outlook. EURINR may move south towards 87.55 level as long as it stays below 88.15 levels
- Pound is expected to slip towards 1.2070 level amid strong dollar and risk aversion in the global markets. However, data showed UK inflation held steady in September, though above expectations. GBPINR is likely to slip towards 100.90 level as long as it trades below 101.60 level.

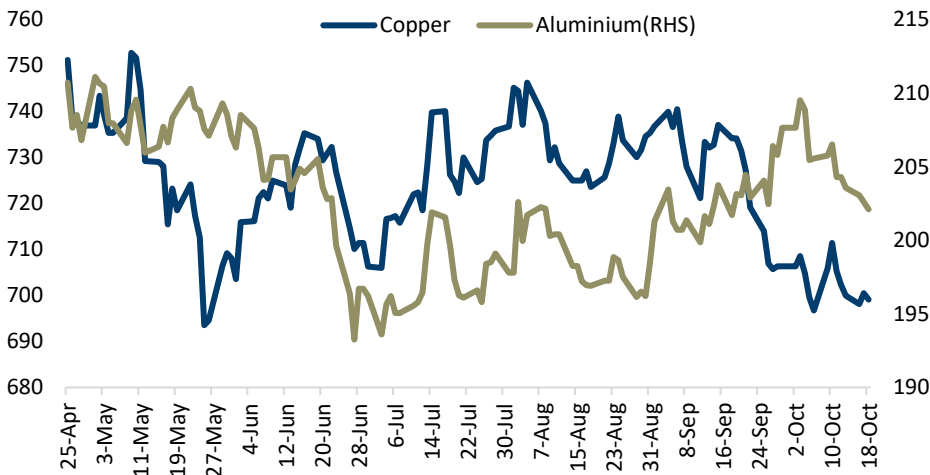
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to hold the support near \$1930 and extend its rally towards \$1964 amid increasing safe haven appeal in the bullions. Further, increasing probability of no hike in key policy rates by the Fed would also provide some support to the bullions. Meanwhile, investors will remain cautious ahead of Fed Chair's speech and comments from other Fed officials which could offer some more clarity on Fed's rate outlook.
- MCX Gold prices is likely to hold the support of 59500 and move higher towards 60250. A move above 60250, it may again rise towards 60500.
- MCX Silver is expected to hold the support near 70500 and extend its gains towards 72800.

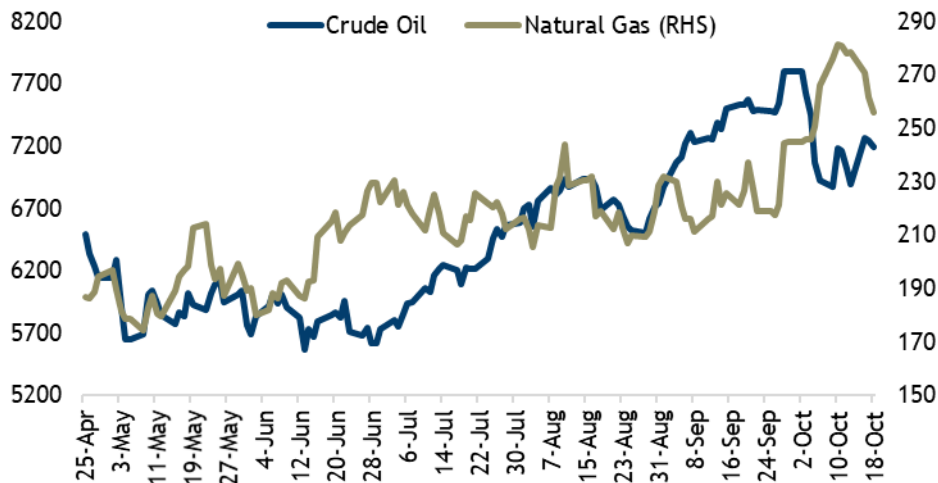
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid stronger dollar and risk-off tone across markets. Further higher inventory levels in LME would also weigh on the metal prices. Meanwhile, investors will focus on key housing numbers from China. Expectation of weaker set of data could hurt the upside in the metal.
- MCX Copper is likely to face the hurdle near 705 and weaken towards 695. Only close below 695, it would open the doors towards 690. On the flip side a move above 705 would push the prices higher towards 711.
- MCX aluminium is expected to hold the support near 201 and move towards 204 mark.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$88 and move towards the key support near \$85, after OPEC showed no signs of supporting Iran's move for an oil Embargo on Israel. Further, increasing probability of lifting sanction on Venezuela could improve the oil supply. Meanwhile, the ongoing tension in the Middle East could support the oil prices to trade above the \$85 mark. Further, decline in crude oil stocks in US and tighter Russia's export would limit the downside
- MCX Crude oil November is likely to hold the supports near 7150 and rise towards 7300. Only close below 7150 it would slide towards 7050.
- MCX Natural gas is expected to find support near 250 and move back towards 264. Only close below 250, the trend would turn weaker.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59158	59616	59937	60395	60716
Silver	70455	71175	71960	72680	73465
Copper	695.8	698.1	701.6	703.9	707.4
Aluminium	201.7	202.3	202.8	203.3	203.8
Zinc	218.3	219.0	219.8	220.4	221.2
Lead	185.7	186.1	186.8	187.2	187.8
Crude Oil	7093	7184	7282	7373	7471
Nat Gas	248	252	258	262	267

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.20	83.24	83.27	83.31	83.34
US\$INR (Nov)	83.29	83.33	83.36	83.40	83.42
EURINR (Oct)	87.75	87.86	88.05	88.16	88.36
EURINR (Nov)	87.92	88.04	88.24	88.35	88.55
GBPINR (Oct)	101.15	101.32	101.52	101.69	101.88
GBPINR (Nov)	101.32	101.47	101.65	101.80	101.98
JPYINR (Oct)	55.67	55.72	55.77	55.82	55.86
JPYINR (Nov)	56.04	56.09	56.16	56.21	56.27

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.57	106.25	0.30%
US\$INR	83.27	83.26	0.01%
EURUSD	1.0536	1.0577	-0.39%
EURINR	88.02	87.86	0.17%
GBPUSD	1.2140	1.2183	-0.35%
GBPINR	101.56	101.29	0.26%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.347	7.331	0.016
US	4.915	4.834	0.0808
Germany	2.924	2.882	0.042
UK	4.657	4.512	0.145
Japan	0.809	0.781	0.028

## 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	191675	11000	6.09%
Aluminium	492775	8175	1.69%
Zinc	80325	-1525	-1.86%
Lead	108100	2475	2.34%
Nickel	43320	450	1.05%

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	Average Earnings Index 3m/y	8.10%	8.30%	8.50%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-1.1	-9.5	-11.4	Medium
6:00 PM	US	Retail Sales m/m	0.70%	0.30%	0.60%	High
6:45 PM	US	Industrial Production m/m	0.30%	0.00%	0.40%	Medium
<b>Wednesday, October 18, 2023</b>						
7:30 AM	China	Industrial Production y/y	4.50%	4.30%	4.50%	High
7:30 AM	China	GDP q/y	4.90%	4.50%	6.30%	Medium
11:30 AM	UK	CPI y/y	6.70%	6.60%	6.70%	High
6:00 PM	US	Building Permits	1.47M	1.46M	1.54M	Medium
6:00 PM	US	Housing Starts	1.36M	1.38M	1.28M	Medium
8:00 PM	US	Crude Oil Inventories	-4.5M	-0.5M	10.2M	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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