

September 27, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	October	Buy	7540-7550	7700	7450	Intraday
GBP/INR	October	Sell	101.58-101.60	101.20	101.85	Intraday

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News and Developments

- Spot Gold prices ended on negative note for second consecutive session amid strong dollar and as US 10-year treasury yield hovered near 16- year high. Additionally, hawkish statements from Fed officials added downside pressure. Meanwhile, weak economic data from US prevented further downside in prices
- Sales of new US single family homes, fell more than expected in August, with new home sales plunging 8.7% to 675K units last month. US Consumer confidence also slid for second consecutive month in September, with index dropping to 103 this month from an upwardly revised 108.7 in August
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 85.6% from 81.5% a day ago while, prospects for increase by 25bps in November meeting has moved down to 14.4% from 18.5% a day ago
- Yield on benchmark US 10-year treasury note was little changed at 4.536% and 2-year treasury yield, which typically moves in step with interest rate expectations moved lower to 5.125%
- Crude oil prices edged higher as expectations of tighter supply eclipsed worries that uncertain economic outlook would hurt oil demand. Meanwhile, according to market sources citing American Petroleum Institute figures US crude stockpiles rose last week by about 1.6 million barrels
- Copper prices slipped amid strong dollar, weak global market sentiments and concern about demand in top metal consumer China. Moreover, rising inventories at LME registered warehouses added downside pressure.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58432	-0.46%	1900.65	-0.80%
Silver	71777	-0.52%	22.85	-1.25%
Copper	712.3	-0.23%	8091.00	-0.67%
Aluminium	205.8	0.37%	2243.50	0.45%
Zinc	223.4	-0.60%	2511.00	-0.83%
Lead	187.9	0.11%	2186.50	0.25%
WTI Crude Oil	7543	0.99%	90.39	0.79%
US Nat Gas	217.5	0.05%	2.66	0.64%

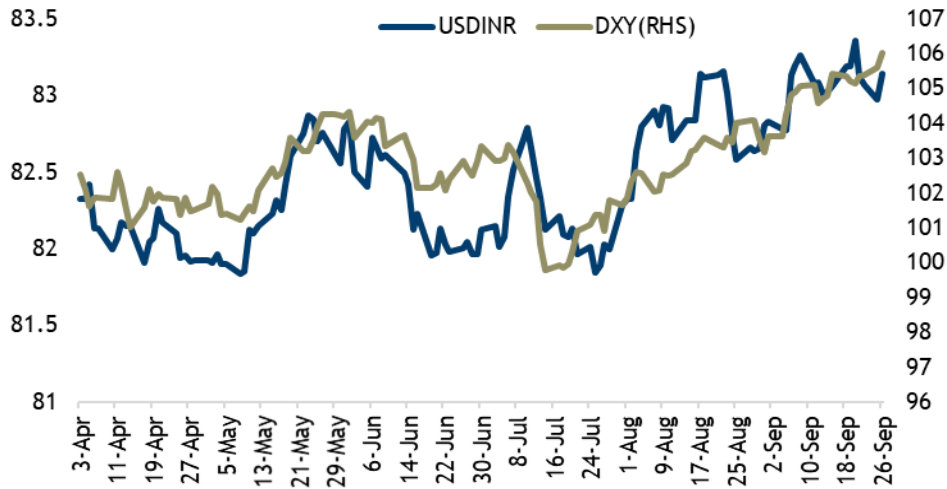
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.39	0.17%	3924701	938012	2987006	974463
EURINR (27th oct)	88.50	-0.22%	123089	17187	189430	85132
GBPINR (27th Oct)	101.67	-0.28%	200059	64818	286847	164443

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	October	Sell	715.50-716	708	720	Profit Booked
GBPINR	October	Sell	101.75-101.76	101.4	101.95	Profit Booked

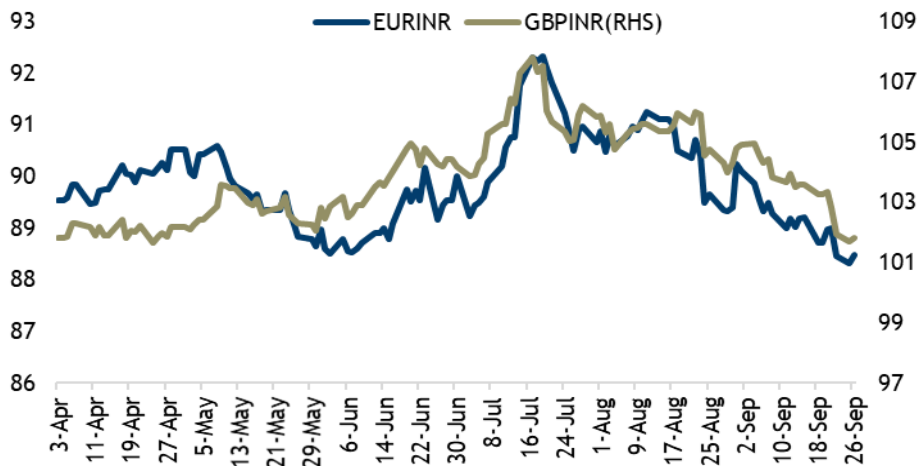
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Tuesday amid higher crude oil prices and strong dollar. The dollar index rallied to its nine month high after the US 10-year government yields moved higher on renewed bets that interest rates in US will remain higher for longer.
- USDINR is expected to move higher towards 83.40 on strong dollar. The hawkish comments from the Fed members would also support the dollar to hold its gains. Further, equity outflows would also weigh on the rupee. Meanwhile, investors will remain cautious ahead of key US GDP and core PCE data due later this week. USDINR is expected to move towards 83.40, as long as it holds above the 83.00. Above 83.40, it can test 83.50.

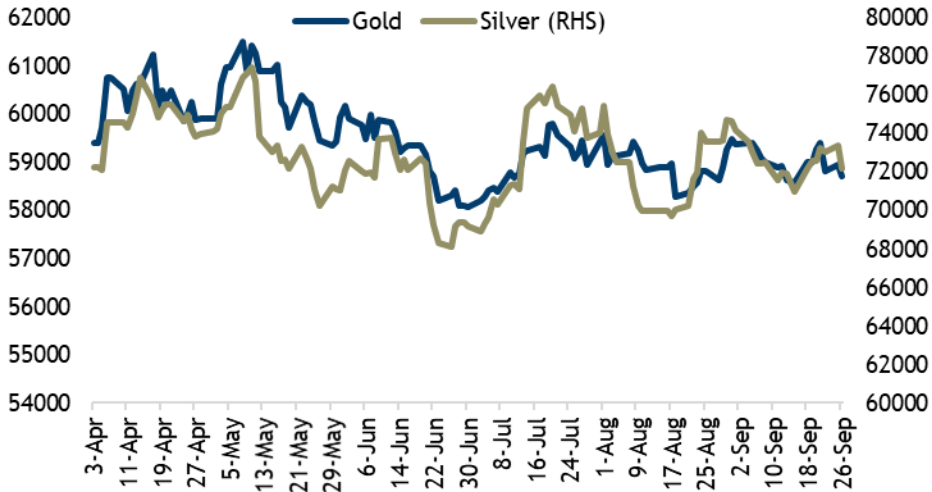
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro made fresh lows on Tuesday amid strong dollar and dovish comments from the ECB members. The expectation of no hike in interest rate has weighed on the pair. The Euro is likely to remain under pressure amid increasing probability of pause in the rate hike cycle by the ECB. Euro could face the resistance near 1.0610 and weaken further towards 1.0520. EURINR is likely to face the hurdle near 88.50 and weaken towards 87.80.
- The pound lost more than 0.40% yesterday amid strong dollar and sluggish growth outlook in UK. The falling expectation of rate hike in UK would weigh on the pound. The pair is expected to slide towards 1.2060 as long as it trades under 1.22. GBPINR is expected to move towards 100.70, as long as the pair trades below 101.80.

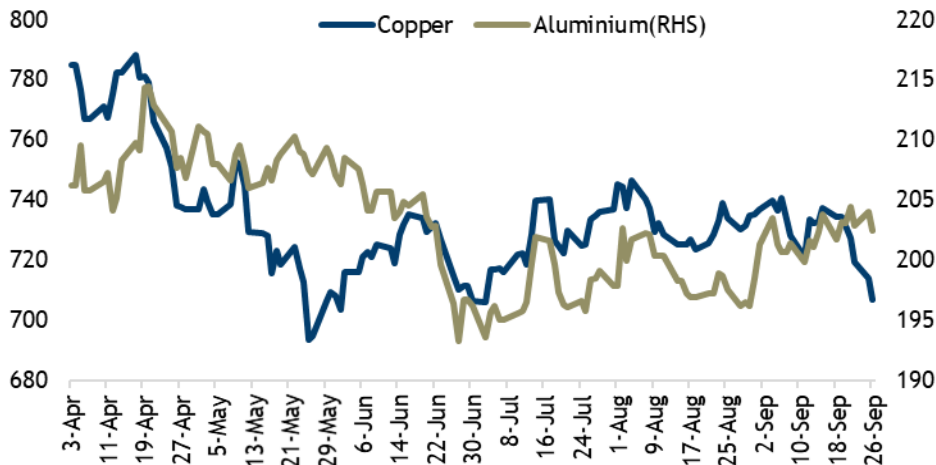
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to slip towards \$1880 levels as long as it sustains below \$1910 (200-Day EMA) levels amid firm Dollar. Further, major central banks reiterated their commitment to fight inflation, signalling tight monetary policy may persist longer than anticipated. On top of it Fed officials signalled that interest rates would remain higher for longer. Meanwhile, expectation of disappointing economic data from US and retreat in US treasury yields may limit further downside in prices
- MCX Gold prices is likely to move south towards 58,250 level as long as it trades below the resistance level of 58,750 levels
- MCX Silver is expected to follow gold prices and move lower towards 71,200 level as long as it sustains below 72,350 level

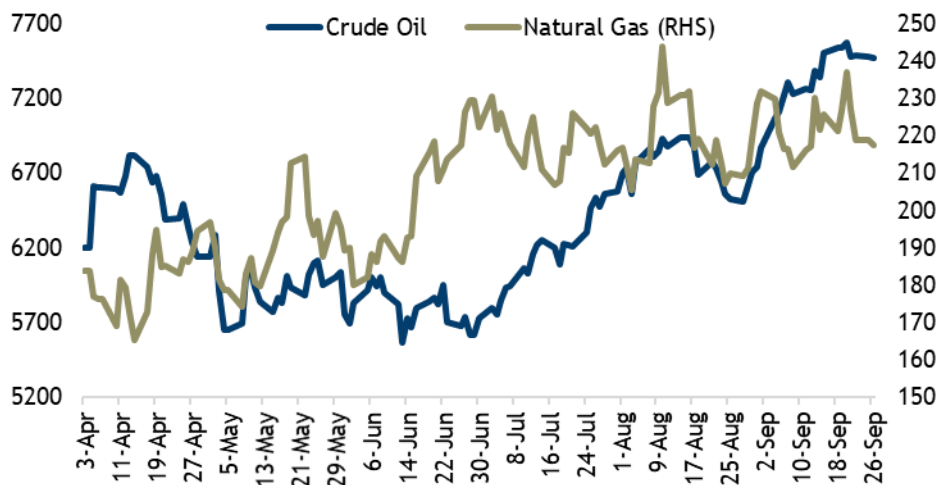
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar, risk aversion in the global markets and rising inventories at LME registered warehouses. Copper stocks reached 166,850 tons, highest since May 2022. Market sentiments are hurt on fears that higher-for-longer interest rates across key economies will crumble global economic growth. Additionally, expectation of disappointing economic data from US will hurt prices.
- MCX Copper may slip further towards 706 levels as long as it trades below 717 levels
- MCX aluminium is expected to move upward towards 207 level as long as it stays above 204.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further till \$92 levels on concerns over tighter global supplies stemming from supply cuts by OPEC and allies. Further, EIA is likely to report a crude stockpile drop by 0.7M barrels in previous week. Meanwhile, strong dollar and weak global market sentiments may limit upside in prices. Additionally, investors are worried over threat of US government shutdown and its impending impact on credit rating
- MCX Crude oil is likely to move upward towards 7700 level as long as it sustains above 7450 levels
- MCX Natural gas October is expected to move downwards towards 227 level as long as it stays below 242 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58183	58308	58528	58653	58873
Silver	71214	71495	71823	72104	72432
Copper	704.4	708.3	712.0	715.9	719.6
Aluminium	203.3	204.5	205.4	206.6	207.5
Zinc	220.4	221.9	224.3	225.8	228.3
Lead	187.1	187.5	188.0	188.4	188.8
Crude Oil	7279	7411	7484	7616	7689
Nat Gas	208	213	217	222	226

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.19	83.29	83.35	83.44	83.50
US\$INR (Nov)	83.32	83.41	83.47	83.55	83.61
EURINR (Oct)	88.15	88.32	88.43	88.61	88.72
EURINR (Nov)	88.26	88.47	88.60	88.81	88.94
GBPINR (Oct)	101.39	101.53	101.66	101.80	101.93
GBPINR (Nov)	101.59	101.71	101.82	101.94	102.06
JPYINR (Oct)	56.26	56.33	56.39	56.47	56.53
JPYINR (Nov)	56.67	56.74	56.79	56.86	56.91

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.23	106.00	0.22%
US\$INR	83.24	83.15	0.11%
EURUSD	1.0572	1.0593	-0.20%
EURINR	88.23	88.42	-0.22%
GBPUSD	1.2158	1.2211	-0.43%
GBPINR	101.44	101.68	-0.24%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.144	7.154	-0.01
US	4.536	4.533	0.0022
Germany	2.808	2.798	0.01
UK	4.326	4.323	0.003
Japan	0.741	0.736	0.005

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	166850	2950	1.80%
Aluminium	494300	-2250	-0.45%
Zinc	107525	5975	5.88%
Lead	76725	525	0.69%
Nickel	41328	36	0.09%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 25, 2023						
1:30 PM	Europe	German Ifo Business Climate	85.70	85.10	85.70	Medium
Tuesday, September 26, 2023						
7:30 PM	US	CB Consumer Confidence	103.00	105.50	106.10	High
7:30 PM	US	New Home Sales	675K	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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