

September 14, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	October	Buy	58590-58600	58900	58400	Intraday
USDINR	September	Sell	83.03-83.05	82.80	83.15	Intraday

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## News and Developments

- Spot Gold prices edged lower yesterday amid strong dollar although expectations that Federal Reserve would hit a pause button at its policy meeting scheduled next week limited downside in the bullion
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 96% while, prospects for increase by 25bps in November meeting stand at 47%
- Yield on benchmark US 10-year treasury note was down by 2.5 basis points to 4.239% and 2-year treasury yield, which typically moves in step with interest rate expectations fell 3.2 basis point to 4.973%. Yields slipped as underlying pace of inflation eased in August, suggesting that US Fed will would leave interest rates unchanged at its upcoming policy meeting
- US Dollar edged higher after inflation data. Further, investors remained cautious ahead of produce price index and retail sales data scheduled Thursday
- US CPI on YoY basis increased by 3.7% in August 2023 compared to 3.2% in July 2023. Core-CPI which excludes energy and food edged lower to 4.3% in August from a year earlier, ebbing from 4.7% in July
- Crude oil prices retreated from its 10 month high amid surprise build up in US crude inventories and strong dollar. As per EIA weekly report US crude stockpiles increased by 3.95M barrels during the week ended 8<sup>th</sup> September. On fuel side, gasoline inventory increased by 5.561M barrels and distillate rose by 3.931M barrels
- Copper prices edged higher yesterday on hopes that US Federal Reserve would leave interest rates unchanged next week

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58593	-0.06%	1908.12	-0.29%
Silver	71419	-0.72%	22.84	-0.99%
Copper	732.7	0.08%	8417.00	0.31%
Aluminium	202.3	0.60%	2217.50	0.96%
Zinc	223.6	1.29%	2526.00	1.90%
Lead	187.0	-0.08%	2217.50	-0.09%
WTI Crude Oil	7338	-0.64%	88.52	-0.36%
US Nat Gas	221.3	-3.74%	2.68	-2.30%

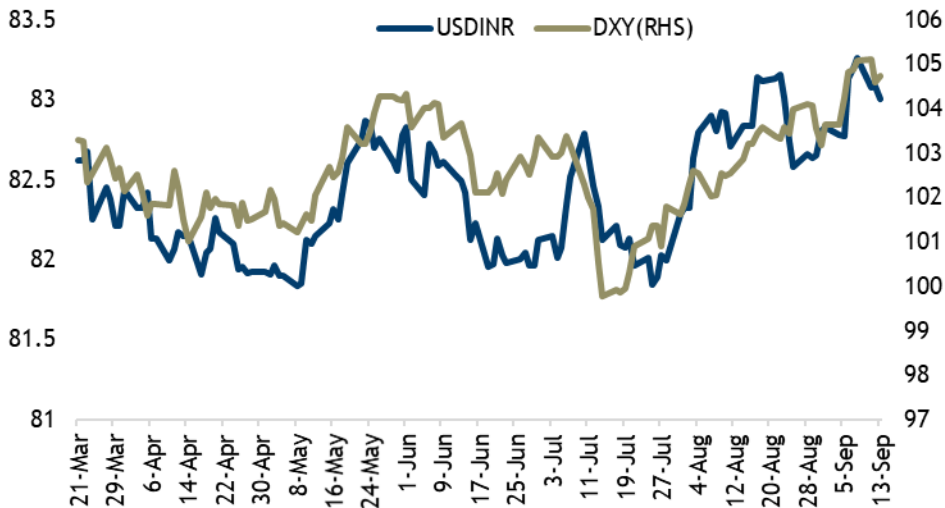
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.02	0.02%	3818084	8	1232580	-527979
EURINR (26th Sep)	89.19	0.20%	117787	-9090	101301	14164
GBPINR (26th Sep)	103.57	0.07%	194427	-13562	220737	12577

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	October	Buy	7290-7300	7420	7220	Exit at cost
USDINR	September	Sell	83.00-83.02	82.80	83.12	Exit at cost

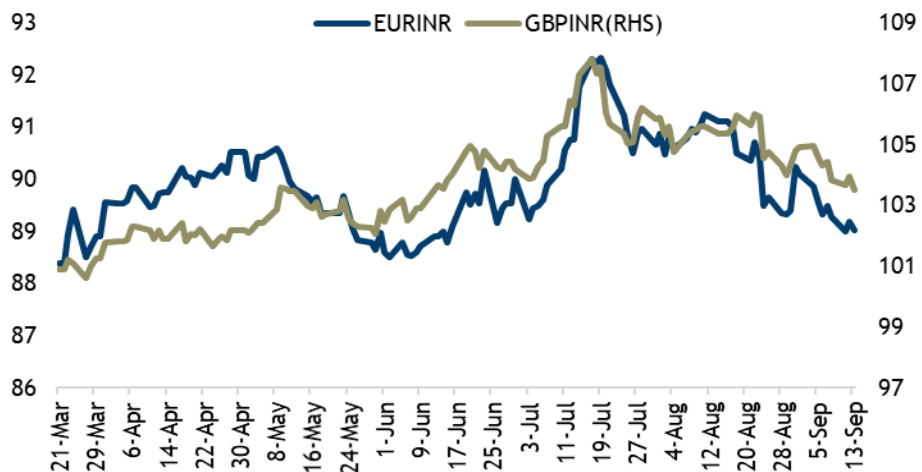
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated on Wednesday amid stronger dollar and higher crude oil prices. The dollar index gained yesterday after the August US CPI numbers rose to 3.7% YoY against 3.2% YoY in July. Meanwhile, the core inflation numbers declined to 4.3% YoY from 4.7%.
- The pair is expected to face the hurdle near 83.10 and move towards the lower end of the consolidation range 82.80-83.10 on expectation that the Fed will not rise the rate in its next policy meet. Now the , investors will eye on today's key US PPI numbers and retail sales data, which could provide more clues to the future rate path. USDINR is expected to remain in the band of 82.80-83.10

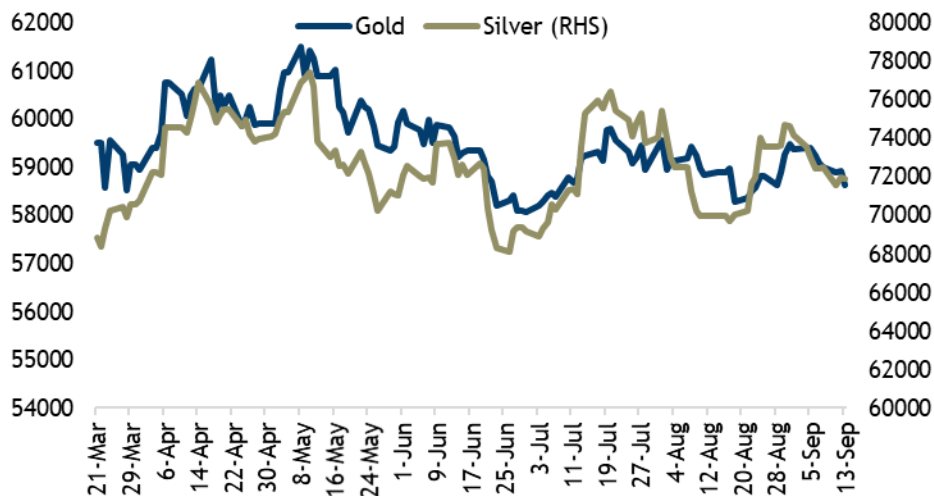
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged lower yesterday amid weaker than expected Eurozone Industrial production number. Further strength in the dollar also checked it upside. The pair is expected to find support near 1.0680 on hopes that the ECB will keep the rate higher after the odds of 25 bps hike in today's meeting rose to 65%. The pair is expected move in the range of 1.0680-1.0780 ahead of the policy . EURINR is likely to find the support near 88.90 and move back towards 89.40 mark
- The pound traded lower on Wednesday after disappointing GDP numbers. In the near term, the pair is expected to face the hurdle near 1.2550 and move towards 1.2450. GBPINR is expected to weaken further towards 103.30, as long as it trades under 104.10. Only close above 104.10, the trend will turn bullish.

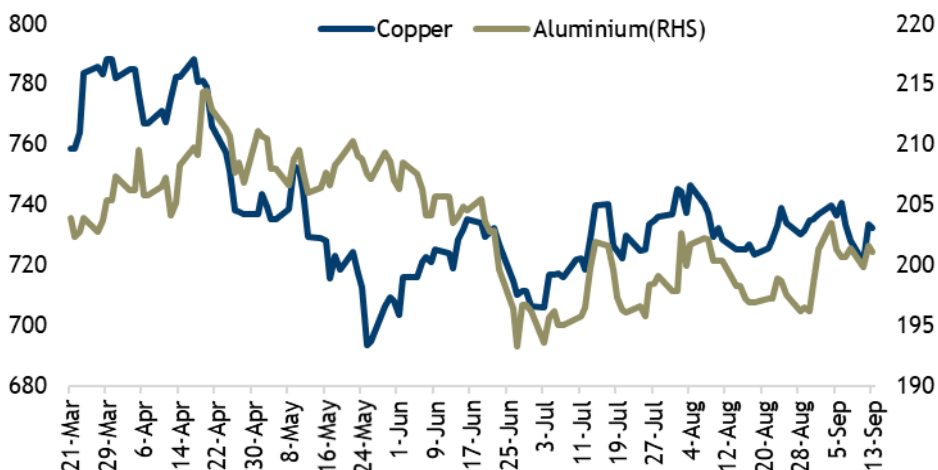
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to rise back towards \$1920 levels as long as it sustains above \$1900 levels amid soft dollar and decline in US treasury yields across curve. Furthermore, easing in labour market conditions and smallest rise in underlying inflation in nearly 2 years may give room for Fed to leave interest rates unchanged next week. Further, investors will await for produce price index and retail sales data as it could also influence Fed policymakers decisions.
- MCX Gold prices is likely to move north towards 58,900 level as long as it trades above the support level of 58,400 levels
- MCX Silver is expected to rise back towards 72,100 level as long as it sustains above 71,100 level

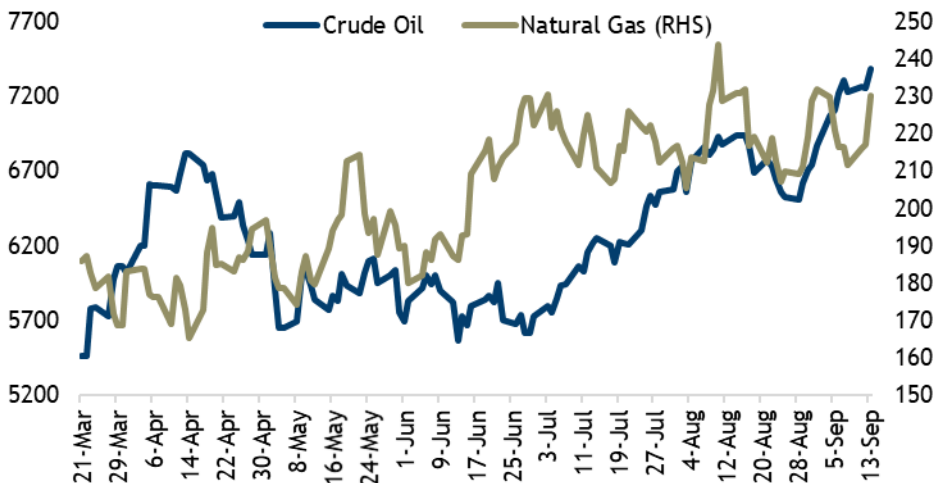
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar and rise in risk appetite in the global markets. Market sentiments improved as the inflation data from US cemented the case for Federal Reserve rate pause next week. Meanwhile, investors will keep an eye on ECB rate decision as it set to decide whether to raise rate to record peak or take a break as economy deteriorates. Additionally, Chinese data on urban investments and industrial production scheduled this week should provide steer on direction of industrial metal
- MCX Copper may rise back towards 738 levels as long as it trades above 728 levels
- MCX aluminium is expected to move upward towards 204 level as long as it stays above support level of 200.80 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further till \$90 on weak dollar, optimistic global market sentiments and expectation of tighter global oil supply. IEA said Saudi Arabia and Russia's extension of oil output cuts to the end of 2023 will mean a substantial market deficit through the 4<sup>th</sup> quarter. Additionally, latest CPI figures from US cemented expectations that US Fed would not hike rate next week and could extend its pause further, lifting hopes of strong oil demand
- MCX Crude oil October is likely to rise further towards 7400 level as long as it sustains above 7220 levels
- MCX Natural gas is expected to move downwards towards 210 level as long as it stays below 225 level on forecast for cooler US temperatures and ahead of weekly EIA natural gas inventories

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58432	58512	58604	58684	58776
Silver	70854	71136	71493	71775	72132
Copper	727.3	730.0	732.9	735.6	738.4
Aluminium	200.0	201.2	202.0	203.1	203.9
Zinc	218.1	220.8	222.4	225.1	226.7
Lead	185.7	186.3	186.8	187.4	187.9
Crude Oil	7261	7300	7365	7404	7469
Nat Gas	213	217	224	228	235

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.90	82.96	83.00	83.06	83.10
US\$INR (Oct)	82.70	82.91	83.26	83.47	83.81
EURINR (Sep)	89.05	89.12	89.20	89.27	89.36
EURINR (Oct)	89.27	89.33	89.41	89.47	89.55
GBPINR (Sep)	103.16	103.37	103.52	103.73	103.88
GBPINR (Oct)	103.28	103.49	103.64	103.85	104.01
JPYINR (Sep)	56.33	56.42	56.53	56.62	56.73
JPYINR (Oct)	56.74	56.82	56.91	56.99	57.08

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.77	104.71	0.05%
US\$INR	82.99	82.92	0.08%
EURUSD	1.0730	1.0754	-0.22%
EURINR	89.04	88.92	0.14%
GBPUSD	1.2490	1.2490	0.00%
GBPINR	103.44	103.41	0.02%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.196	7.228	-0.032
US	4.249	4.280	-0.0316
Germany	2.651	2.643	0.008
UK	4.347	4.416	-0.069
Japan	0.713	0.711	0.002

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/2/2023	8:00 PM	-17M	-0.9M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	143400	7750	5.71%
Aluminium	491300	-2575	-0.52%
Zinc	132200	-6200	-4.48%
Lead	53125	0	0.00%
Nickel	38742	462	1.21%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 11, 2023						
1:30 PM	China	New Loans	1360B	1275B	346B	Medium
Tuesday, September 12, 2023						
11:30 AM	UK	Claimant Count Change	0.9K	17.1K	29.0K	High
11:30 AM	UK	Average Earnings Index 3m/y	8.50%	8.20%	8.20%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-8.90	-15.00	-12.30	Medium
5:30 PM	India	Industrial Production	5.70%	4.1%	3.7%	Medium
5:30 PM	India	Inflation Rate	6.8%	6.8%	7.4%	High
Wednesday, September 13, 2023						
11:30 AM	UK	GDP m/m	-0.5%	-0.2%	0.5%	High
2:00 PM	Europe	Industrial Production m/m	-0.7%	-0.6%	1.8%	Medium
6:00 PM	US	CPI y/y	3.7%	3.6%	3.2%	High
8:00 PM	US	Crude Oil Inventories	4.0M	(-2.2)M	(-6.3)M	Medium
Thursday, September 14, 2023						
5:45 PM	Europe	Main Refinancing Rate		4.25%	4.25%	High
6:00 PM	US	PPI m/m		0.4%	0.3%	High
6:00 PM	US	Retail Sales m/m		0.2%	0.7%	High
6:00 PM	US	Unemployment Claims		225k	216k	High
6:15 PM	Europe	ECB Press Conference		-	-	High
Friday, September 15, 2023						
7:30 AM	China	Industrial Production y/y		3.9%	3.7%	High
7:30 AM	China	Retail Sales y/y		3.00%	2.50%	Medium
6:00 PM	US	Empire State Manufacturing Index		-9.50	-19.00	High
6:45 PM	US	Industrial Production m/m		0.20%	1.00%	High
7:30 PM	US	Prelim UoM Consumer Sentiment		69.20	69.50	High

Source: Bloomberg, Reuters, ICICI Direct Research



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