

October 16, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	October	Sell	268-269	260	274	Intraday
EURINR	October	Sell	87.90-87.92	87.50	88.10	Intraday

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News and Developments

- Gold prices gained more than 3% on Friday after escalation in the Middle East spurred the safe haven buying in the bullions. The shift in Israel's air war to ground operation has fuelled inflow of funds into the safe assets.
- The decline in the US treasury yields amid raising expectation that the pause in Fed interest rate cycle also supported the bullions to hold its gains.
- The CME Fed-watch told indicates more than 93% probability of Fed leaving rates unchanged in the November meeting.
- NYMEX crude oil prices rallied almost 5.5% on Friday amid concerns that the Israel-Hamas conflict may spread over the Middle east and disrupt the crude oil supplies. Further, the comment from Iran's foreign minister has fuelled the rally in prices. Moreover, tightness in the crude oil market amid production cut from Saudi Arabia and Russia has strengthened the rally.
- Copper prices edged lower amid strong dollar and mixed set of economic numbers from China. The lingering deflationary pressure in China has weighed on the metal prices. Further weaker set of trade numbers also raised the growth concerns. The rise in LME Copper inventories also checked the upside in the metals prices.
- US natural gas futures lost more than 2.5% on Friday as favorable US weather curbs its demand. Baker Hughes reported Friday that the number of active U.S. Natural gas drilling rigs in the week ended October 13 fell by -1 to 117 rigs.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59408	2.57%	1932.82	3.42%
Silver	71287	3.20%	22.72	4.08%
Copper	700.5	-0.33%	7949.00	-0.53%
Aluminium	204.3	-0.34%	2199.50	-0.02%
Zinc	221.8	-0.05%	2446.00	-0.14%
Lead	185.9	-0.27%	2042.00	-0.58%
WTI Crude Oil	7259	5.26%	87.69	5.77%
US Nat Gas	270.8	-2.76%	3.24	-3.23%

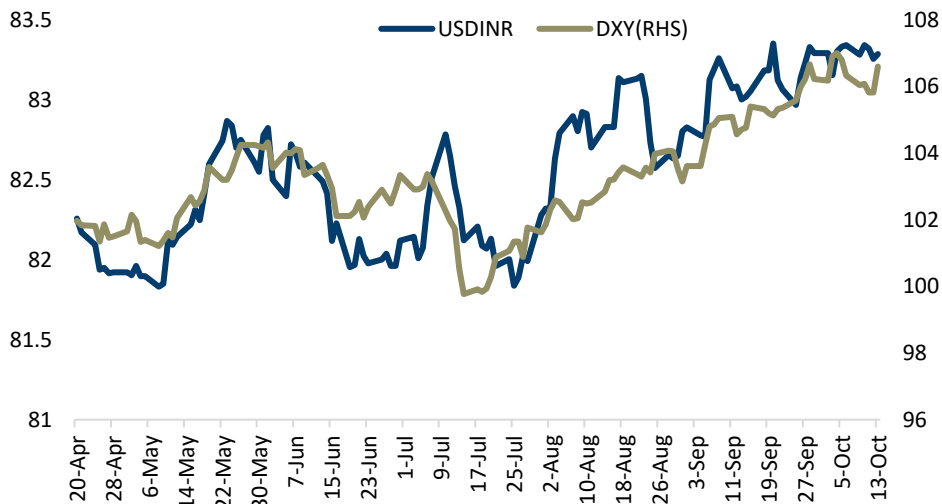
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.32	0.04%	6182224	372474	2066077	443
EURINR (27th oct)	87.71	-0.88%	132919	8815	175062	54592
GBPINR (27th Oct)	101.42	-1.03%	167463	305	226894	37559

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	October	Sell	281-282	271	288	Not Initiated
EURINR	October	Sell	88.08-88.10	87.70	88.30	Not Initiated

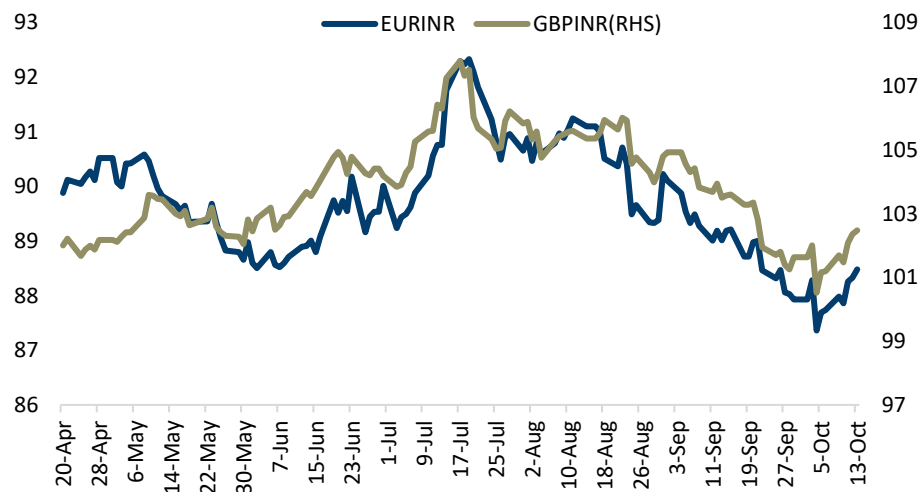
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated marginally on Friday on the back of strong dollar and surge in crude oil prices. Further, rupee slipped on weak global market sentiments
- Rupee is expected to depreciate today amid firm dollar and rise in crude oil prices. Oil prices are rising on fear that conflict in Middle east could widen and US tightened its sanctions against Russian crude exports when there is already a concern over tight market. Further, risk sentiments remained fragile amid ongoing tension in Middle East. Meanwhile, India's merchandise trade deficit for September came in lower than expected at \$19.37 billion against expectations of \$23.25 billion. USDINR is likely to rise back towards 83.40 level as long as it sustains above 83.20 levels

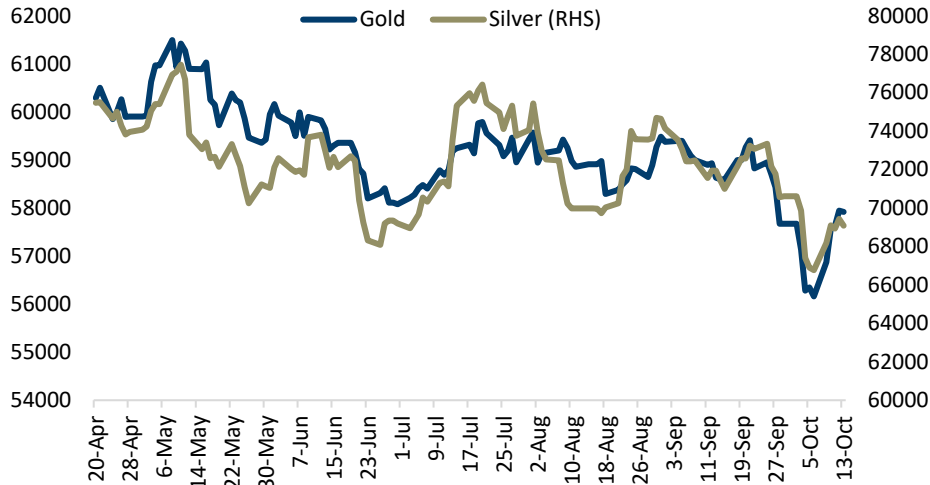
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower on Friday amid strong dollar and risk aversion in the global markets. Further, pair slipped after comments from ECB President Lagarde signaled that additional rate hikes may be on hold. For today, EURUSD is likely to slip further towards 1.0450 levels as long as it remains below 1.0550 levels amid firm dollar and weak global market sentiments. Additionally, investors will remain cautious ahead of data from Eurozone to gauge the economic health. EURINR may move south towards 87.50 level as long as it stays below resistance level of 88.10 levels
- Pound is expected to slip towards 1.2100 level amid strong dollar. Further, money markets currently show traders believe UK rates are very close to peaking. Moreover, investors will remain cautious ahead of MPC member comments to get clues on rate outlook. GBPINR is likely to slip towards 101.35 level as long as it trades below 101.85 level.

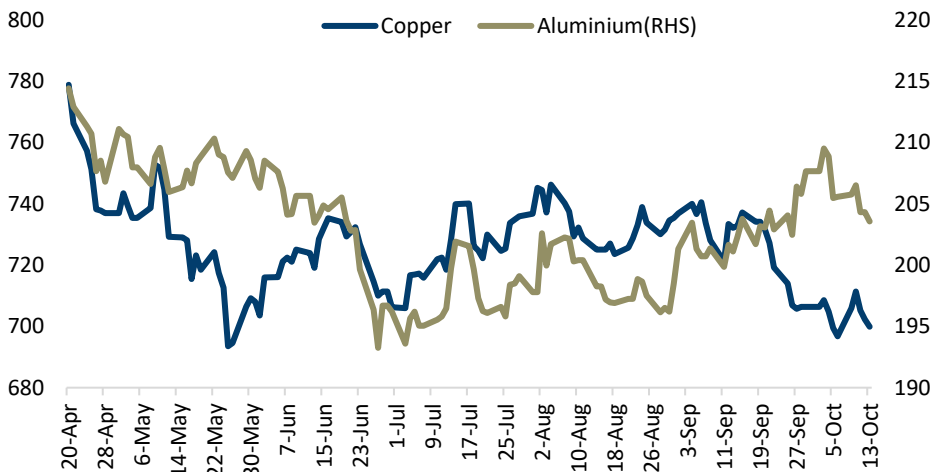
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to find support near \$1900 and rise towards \$1950 amid increasing geopolitical risk in the Middle East. The safe haven buying in the metal would support the trend to remain bullish. Further, increasing probability of Fed pause in its next meeting would also support the bullions to hold its gains. The CME Fed-watch tool indicates more than 93% probability that the Fed will hold the rates unchanged in November.
- MCX Gold prices is likely to rise towards 59900, as long as it holds the support 58800.
- MCX Silver is expected to hold the support near 70200 and extend its gains towards 72800.

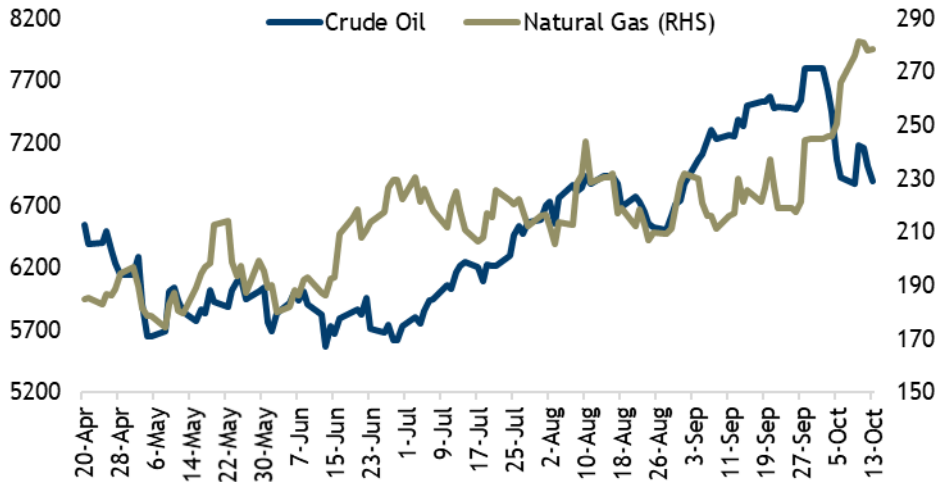
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid strong dollar and higher inventories. The weakness in the Chinese economic numbers would also weigh on the metal prices. Further, lingering concerns over Chinese real estate market despite stimulus from the Government would also limit the upside in the red metal.
- MCX Copper is could face the hurdle near 705 and weaken towards 695. Only close below 695, it would slide towards 690.
- MCX aluminium is expected to weaken towards 202, as long as it trades under 205.50 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to find support near the \$85 mark and rise towards \$89 level amid rising uncertainty in the Middle east. Prices are likely to remain highly volatile amid expectation that the conflict could cause disruption in supply from the world's biggest oil producing region. But, higher production and increasing inventory levels in US could check the upside in oil rally.
- MCX Crude oil November is likely to rise towards 7280, as long as it holds above 7050.
- MCX Natural gas is expected to weaken towards 260, as long as it trades under 274. The forecast of above normal temperature in US would restrict the upside in price.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	57418	58413	58926	59921	60434
Silver	68501	69894	70690	72083	72879
Copper	694.6	697.5	702.0	704.9	709.4
Aluminium	203.1	203.7	204.6	205.2	206.1
Zinc	220.7	221.2	221.8	222.3	222.9
Lead	185.0	185.4	185.9	186.3	186.8
Crude Oil	6850	7055	7166	7371	7482
Nat Gas	262	267	272	276	282

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.24	83.28	83.30	83.35	83.37
US\$INR (Nov)	83.33	83.37	83.40	83.44	83.47
EURINR (Oct)	87.44	87.57	87.81	87.94	88.17
EURINR (Nov)	87.70	87.82	88.01	88.13	88.32
GBPINR (Oct)	101.06	101.24	101.54	101.72	102.02
GBPINR (Nov)	101.25	101.42	101.70	101.87	102.16
JPYINR (Oct)	55.74	55.80	55.84	55.90	55.94
JPYINR (Nov)	56.05	56.14	56.20	56.29	56.34

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.65	106.60	0.05%
US\$INR	83.26	83.24	0.02%
EURUSD	1.0510	1.0528	-0.17%
EURINR	87.66	88.38	-0.82%
GBPUSD	1.2143	1.2175	-0.26%
GBPINR	101.51	102.39	-0.85%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.317	7.299	0.018
US	4.612	4.697	-0.0845
Germany	2.737	2.786	-0.049
UK	4.386	4.423	-0.037
Japan	0.761	0.758	0.003

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/30/2023	8:00 PM	-10.6M	-2.2M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	180900	-250	-0.14%
Aluminium	488625	-2025	-0.41%
Zinc	86775	-250	-0.29%
Lead	91200	3125	3.55%
Nickel	42870	-114	-0.27%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 16, 2023						
6:00 PM	US	Empire State Manufacturing Index	-	-6.4	1.9	High
Tuesday, October 17, 2023						
11:30 AM	UK	Claimant Count Change	-	2.3K	0.9K	High
11:30 AM	UK	Average Earnings Index 3m/y	-	8.30%	8.50%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-	-9.5	-11.4	Medium
6:00 PM	US	Retail Sales m/m	-	0.30%	0.60%	High
6:45 PM	US	Industrial Production m/m	-	0.00%	0.40%	Medium
Wednesday, October 18, 2023						
7:30 AM	China	Industrial Production y/y	-	4.30%	4.50%	High
7:30 AM	China	GDP q/y	-	4.50%	6.30%	Medium
11:30 AM	UK	CPI y/y	-	6.60%	6.70%	High
6:00 PM	US	Building Permits	-	1.46M	1.54M	Medium
6:00 PM	US	Housing Starts	-	1.38M	1.28M	Medium
Thursday, October 19, 2023						
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
Friday, October 20, 2023						
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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