

December 11, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	December	Buy	5880-5900	6040	5800	Intraday
EURINR	December	Sell	90.0-90.02	89.60	90.20	Intraday

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News and Developments

- Precious metals lost more than 1% on Friday amid strong rebound in US treasury yields and gain in the dollar index. In addition, better than expected US non farm payroll numbers has lowered the expectation for Fed to ease monetary policy. Further, an easing inflation expectations curbs demand for gold as an inflation hedge.
- The US job growth accelerated in the month of November and unemployment rate fell to 3.7%, Total nonfarm employment increased by 199k against previous reading of 155k and US average hourly earning gained by 0.4% last month against 0.2% in October.
- The 10-year treasury yields moved towards 4.25%, where as 2-year treasury yields moved above the 4.72% mark.
- Crude oil futures gained more than 2% on Friday after US jobs data supported the expectation of demand growth. Further, US purchase of crude oil to refill the SPR has supported the oil prices to hold its gains. Additionally, improved US consumer sentiment numbers also supported the oil prices to recover from its 5-month lows.
- Copper prices extended its gains on Friday amid hopes of firm demand from the top metal consumer China. Further, improved passenger vehicle sales numbers from China, which has jumped by 25.5% in Novembers also strengthened the bullish outlook in the metal.
- NYMEX Natural gas futures failed to capitalize its gains as higher production and mild weather forecast in US offset this week's bullish storage report.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61719	-1.20%	2004.67	-1.17%
Silver	72518	-2.42%	23.00	-3.37%
Copper	721.8	0.92%	8448.50	1.28%
Aluminium	195.6	0.26%	2134.00	0.07%
Zinc	216.6	-0.48%	2399.50	-0.29%
Lead	182.4	0.14%	2025.50	0.37%
WTI Crude Oil	5935	2.29%	71.23	2.73%
US Nat Gas	217.2	1.12%	2.58	-0.15%

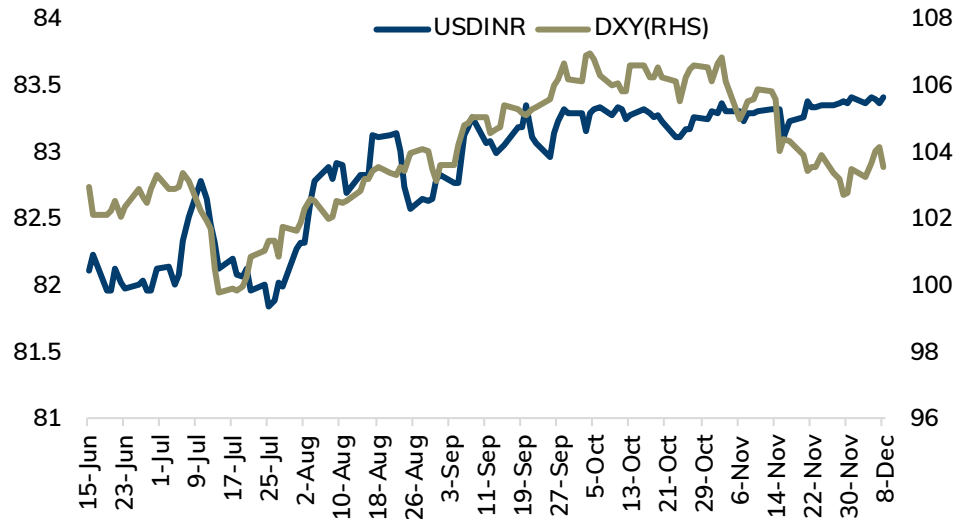
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.43	0.02%	4298728	-46514	1241699	210833
EURINR (27th Dec)	90.04	0.13%	151142	-5057	102921	-35937
GBPINR (27th Dec)	104.96	-0.02%	226026	-8981	132633	-56436

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	December	Buy	712-712.5	719	708	Not Initiated
GBPINR	December	Buy	104.83-104.85	105.20	104.65	Profit Booked

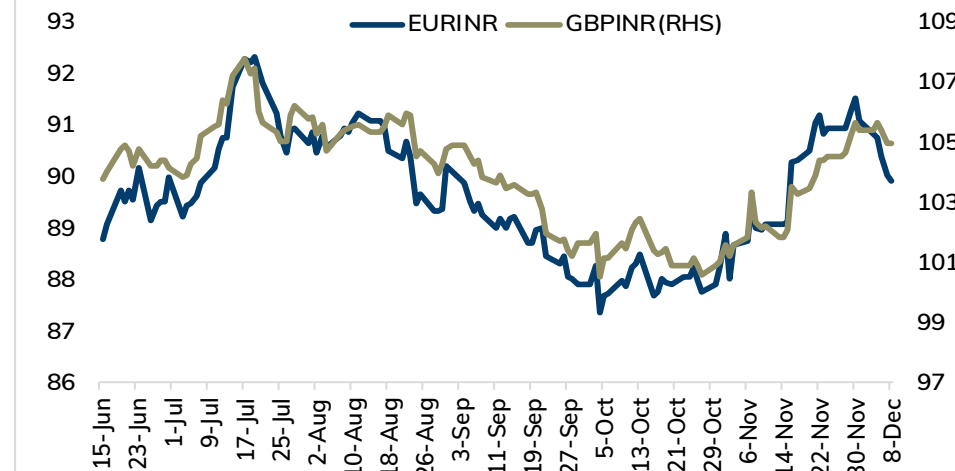
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee closed slightly lower on Friday after Reserve bank of India kept policy rate unchanged in line with market expectations. Further, investors remained cautious ahead of crucial labour market report from US to get cues on interest rate outlook
- Rupee is likely to depreciate today due to rise in dollar and US treasury yields. Dollar and yields jumped after data showed employers added more jobs than expected in November, forcing traders to pare back expectations that Fed could cut rates as soon as March. Additionally, recovery in Crude oil prices and weak domestic market sentiments may hurt domestic currency. USDINR may rise towards 83.50 level as long as it stays above 83.35 levels

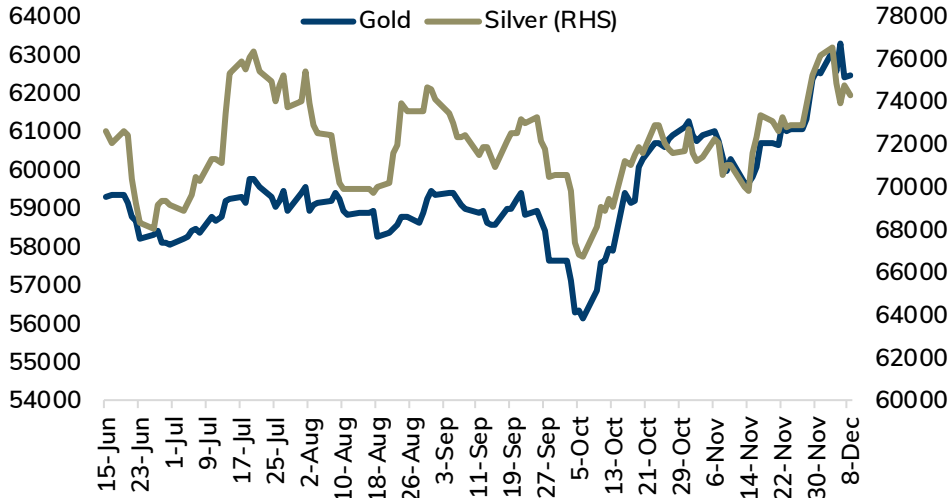
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower by 0.32% on Friday amid strong dollar. Meanwhile, sharp downside was cushioned on optimistic domestic market sentiments. For today, EURUSD is likely to slip further towards 1.0700 levels as long as it stays below 1.0800 levels majorly on the back of strong dollar. Meanwhile, sharp downside may be cushioned as traders even pared back expectations that ECB could cut rates at March meeting. EURINR may slip towards 89.60 level as long as it trades below 90.20 levels
- Pound is likely to slip towards 1.2500 levels amid strong dollar and disappointing economic data from Britain. Meanwhile, sharp downside may be cushioned on hopes that BOE will keep rates higher for longer compared to peers, given stubbornly high inflation. GBPINR is likely to move lower towards 104.50 level as long as it stays below 105.10 levels

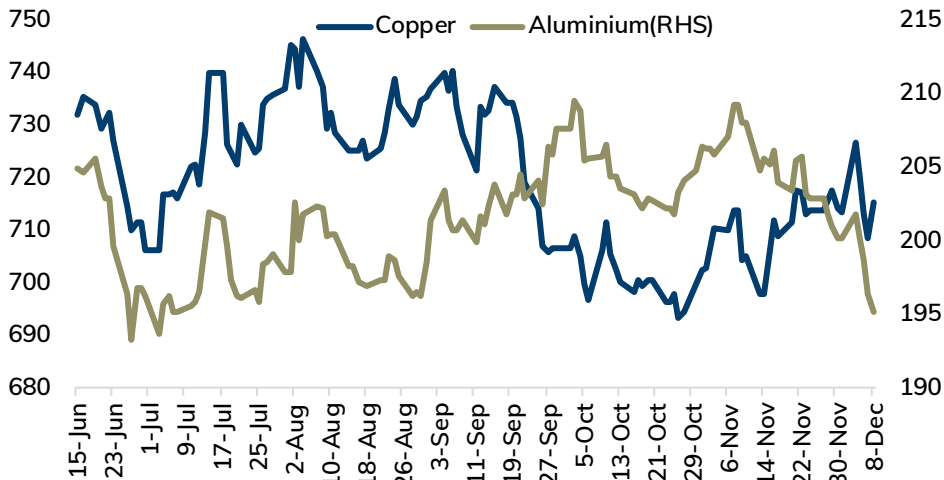
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to face the hurdle near \$2020 and weaken towards \$1990 amid strong dollar and rise in US treasury yields. Further, declining probability of rate cut in the first half of 2023 would also limit the upside in bullions. As per the CME Fed-Watch toll probability of rate cut in March has dipped to 44% against 55% after the strong US jobs report. Meanwhile, focus will shift towards the this weeks key FOMC meeting, where the Fed is likely to hold the rates steady.
- MCX gold is expected to face the resistance of 10 day EMA at 62140 and weaken towards the immediate support at 61500. Only close below 61,500 would open the doors towards 61,100.
- MCX silver is likely to weaken further towards 72,000, as long as it trades under the key 200 day EMA 73200. Below 72,000 it would weaken further towards 71400.

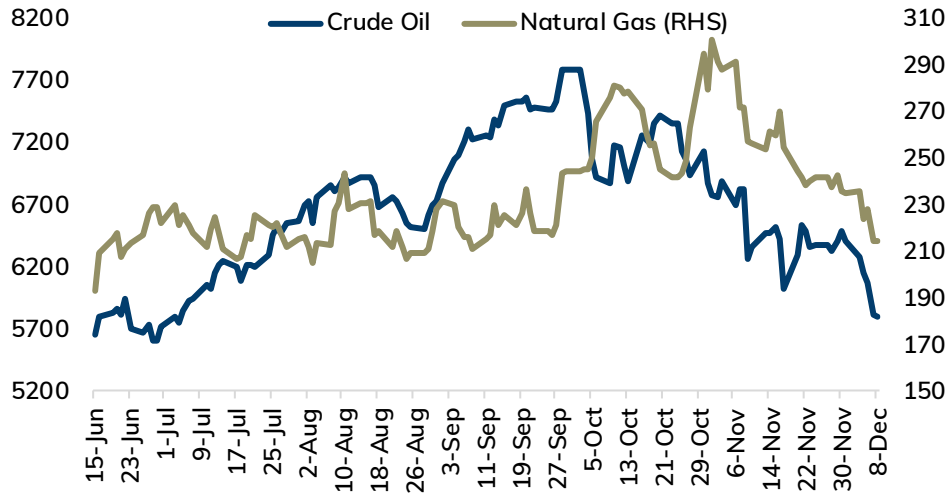
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are likely to trim its earlier gains and remain under pressure amid growing concerns of deflation in the Chinese economy. Persistent weakness in the China factory gates numbers indicates weakness in the demand. Further, stronger dollar would also hurt the red metal. Meanwhile, increasing bets of more stimulus from, China would limit the downside in the metal.
- MCX Copper December is expected to face the resistance near 725 and weaken towards 717. Only a move below 717, would weaken the metal further towards 713.
- MCX Aluminium is expected to move in the range of 193-198. Only close below 193 it would weaken further towards 191.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to extend its rebound towards \$73, as long as it holds above the \$69 mark. The purchase of oil by US to replenish the strategic would provide some support to the oil prices. Further, expectation of more stimulus from China to enhance the economic recovery in the coming year would also help the NYMEX crude to extend its gains towards \$73. Meanwhile, investors will keep an eye on key US inflation numbers and the Fed interest rate decision, which may bring more clarity in the price direction.
- MCX Crude oil is likely to hold the support near 5850 and rebound towards key resistance near 6050. Only a move above 6050, it would rise towards 6200.
- MCX Natural gas December future is expected weaken further towards 204, as long as it remains under 218.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61020	61370	61974	62324	62928
Silver	70930	71724	73254	74048	75578
Copper	710.6	716.2	720.0	725.6	729.5
Aluminium	193.6	194.6	196.0	197.0	198.4
Zinc	214.4	215.5	217.5	218.6	220.6
Lead	181.5	181.9	182.7	183.1	183.9
Crude Oil	5776	5855	5920	5999	6064
Nat Gas	210	214	216	220	222

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.36	83.39	83.41	83.45	83.47
US\$INR (Jan)	83.44	83.48	83.49	83.53	83.54
EURINR (Dec)	89.86	89.95	90.01	90.10	90.17
EURINR (Jan)	90.04	90.12	90.19	90.27	90.33
GBPINR (Dec)	104.60	104.78	104.91	105.09	105.22
GBPINR (Jan)	104.67	104.85	105.02	105.20	105.36
JPYINR (Dec)	57.60	57.74	57.99	58.13	58.37
JPYINR (Jan)	57.93	58.07	58.31	58.45	58.68

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.01	103.54	0.45%
US\$INR	83.39	83.36	0.03%
EURUSD	1.0763	1.0794	-0.29%
EURINR	89.86	89.87	-0.01%
GBPUSD	1.2549	1.2594	-0.36%
GBPINR	104.71	104.92	-0.20%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.270	7.238	0.032
US	4.226	4.150	0.0761
Germany	2.276	2.191	0.085
UK	4.041	3.968	0.073
Japan	0.766	0.758	0.008

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 PM	3.6M	2.5M
11/1/2023	8:00 PM	0.8M	1.5M
10/25/2023	8:00 PM	1.4M	-0.5M
10/18/2023	8:00 PM	-4.5M	-0.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	181600	-1150	-0.63%
Aluminium	453225	10725	2.42%
Zinc	215450	-3100	-1.42%
Lead	133675	50	0.04%
Nickel	48264	-96	-0.20%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 11, 2023						
10:30 PM	US	10-y Bond Auction	-	-	4.52 2.5	Medium
Tuesday, December 12, 2023						
12:30 PM	UK	Claimant Count Change	-	20.3K	17.8K	High
12:30 PM	UK	Average Earnings Index 3m/y	-	7.60%	7.90%	Medium
3:30 PM	Europe	ZEW Economic Sentiment	-	11.2	13.8	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	-	8.1	9.8	Medium
7:00 PM	US	CPI y/y	-	3.10%	3.20%	High
Wednesday, December 13, 2023						
12:30 PM	UK	GDP m/m	-	-0.10%	0.20%	High
3:30 PM	Europe	Industrial Production m/m	-	-0.30%	-1.10%	Medium
7:00 PM	US	PPI m/m	-	0.10%	-0.50%	High
9:00 PM	US	Crude Oil Inventories	-	-	-4.6M	Medium
Thursday, December 14, 2023						
12:30 AM	US	Federal Funds Rate	-	5.50%	5.50%	High
12:30 AM	US	FOMC Economic Projections	-	-	-	High
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
7:00 PM	US	Retail Sales m/m	-	-0.10%	-0.10%	High
7:00 PM	US	Unemployment Claims	-	223K	220K	High
9:00 PM	US	Natural Gas Storage	-	-	-117B	Medium
Friday, December 15, 2023						
7:30 AM	China	Industrial Production y/y	-	5.70%	4.60%	High
7:30 AM	China	Retail Sales y/y	-	12.60%	7.60%	Medium
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.3	42.9	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	43.1	42.6	High
2:30 PM	Europe	Flash Manufacturing PMI	-	44.5	44.2	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	47.6	47.2	High
7:00 PM	US	Empire State Manufacturing Index	-	1.7	9.1	High
8:15 PM	US	Flash Manufacturing PMI	-	49.3	49.4	High
8:15 PM	US	Flash Services PMI	-	50.5	50.8	High

Source: Bloomberg, Reuters, ICICI Direct Research



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