

October 3, 2023

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## Daily Currency & Commodities Outlook

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### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	October	Sell	714.0-714.50	707	720	Intraday
USDINR	October	Buy	83.14-83.15	83.35	83.00	Intraday

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## News and Developments

- Spot Gold prices continued to edged lower for 6<sup>th</sup> consecutive session, it plunged near 7-month low as prospects of higher US interest rate diminished no-yielding bullion appeal. Further, prices slipped on strong dollar and surge in US treasury yields. Additionally, hawkish statements from Fed officials and improved economic data from US added downside pressure
- ISM Manufacturing PMI increased to 49.0 last month, highest reading since 2022, from 47.6 in August. Still, September marked 11<sup>th</sup> straight month that the PMI remained below 50, which indicates contraction in manufacturing
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting declined to 72.8% from 81.7% a day ago while, prospects for increase by 25bps in November meeting has moved up to 27.2% from 18.3% a day ago
- Benchmark 10-year US treasury yield hit 16-year high as agreement to avert a partial government shutdown reduced demand for debt. Yield on benchmark US 10-year treasury note increased to 4.681% and 2-year treasury yield, which typically moves in step with interest rate expectations moved higher to 5.106%
- Crude oil prices slipped yesterday on strong dollar and rising crude oil supplies. Turkey's energy minister said the country will restart operations this week on a pipeline from Iraq that has been suspended for about 6 months
- Copper prices fell yesterday on the back of strong dollar and weak global market sentiments. Dollar gained strength after stop-gap funding bill was passed and economic data from US signalled resilience in the economy supporting the view that Fed would keep rates higher for longer duration

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	57105	-0.04%	1828.03	-1.11%
Silver	69857	-1.05%	21.05	-5.12%
Copper	725.3	0.78%	8053.00	-2.63%
Aluminium	212.0	2.17%	2321.00	-1.11%
Zinc	232.3	1.02%	2600.50	-1.85%
Lead	188.0	-0.19%	2146.00	-1.15%
WTI Crude Oil	7542	-1.06%	88.82	-2.17%
US Nat Gas	245.9	0.49%	2.84	-3.04%

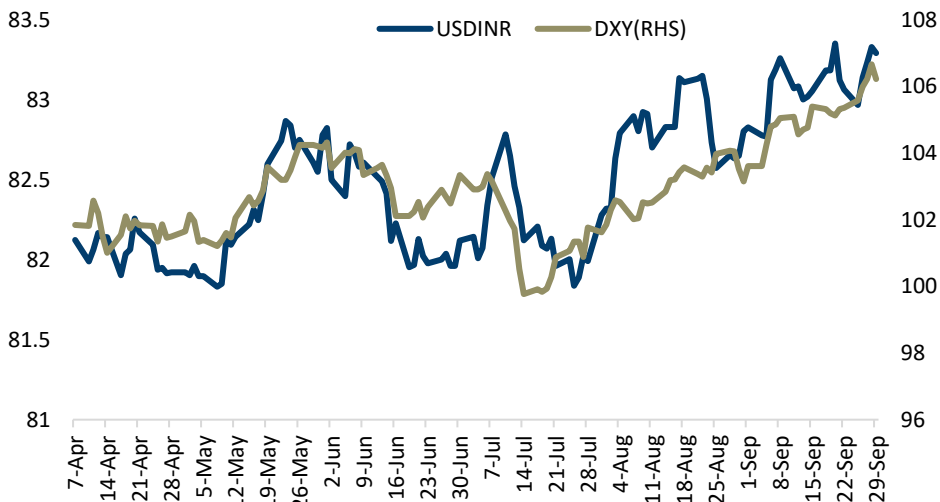
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.16	-0.17%	3996921	-58140	1426586	-283136
EURINR (27th oct)	88.28	0.40%	116825	-21562	135233	-54719
GBPINR (27th Oct)	102.00	0.36%	190731	-11652	146353	-55719

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	October	Buy	717.5-718	724	714	Not Initiated
Eurinr	October	Buy	87.95-87.96	88.3	87.8	Not Initiated

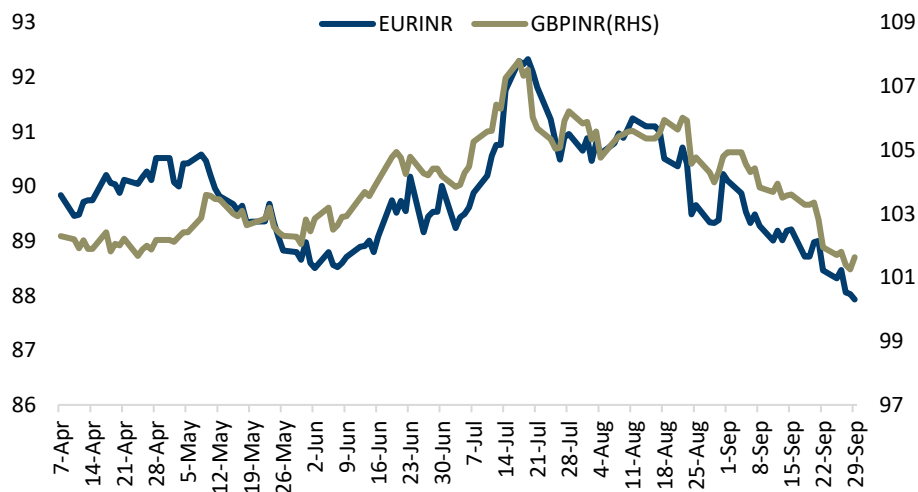
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Friday towards the 83.00 mark amid the retreat in the dollar and correction in crude oil prices.
- USDINR is likely to find support near 82.90 and move back towards 83.30 amid firmer US dollar and higher treasury yields. The hawkish comments from the Fed Governor Bowman and better than expected US Sep ISM manufacturing index would support the dollar to hold its gains. Meanwhile, investors will keep an eye on key US JOLTS job opening numbers. USDINR is expected to move towards the key resistance at 83.30. Only a sustained move above 83.30 would open the doors towards 83.50 levels. On the downside 83.00 would act major support to the pair

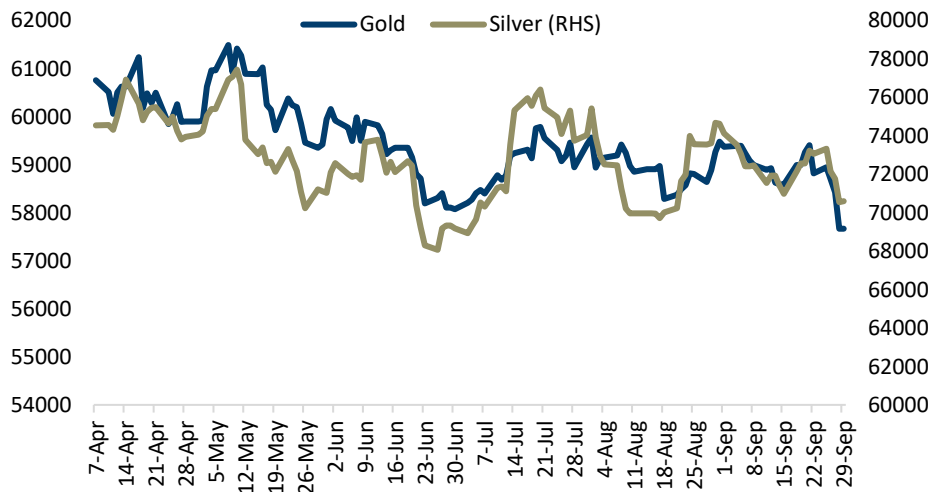
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro erased all its Friday's gains and hit the lowest level in 8-months amid firmer dollar. The rise in US treasury yields to 16-year highs has strengthened the dollar's interest rate differentials against the Euro. Further, weaker set of economic numbers from Eurozone also weighed on the pair to slide below 1.05 mark. The Euro is expected to face the hurdle at 1.0520 and move towards 1.0450 amid strong dollar. EURINR is likely to weaken to 87.20 as long as it trades under 88.00.
- The pound remained under pressure amid strong dollar and rise in US treasury yields.. The pair is expected to face the hurdle near 1.2130 and weaken towards 1.2040 as risk aversion in the global markets would weigh on the pair. GBPINR is expected to move towards 100.20, as long as the pair trades below 101.20.

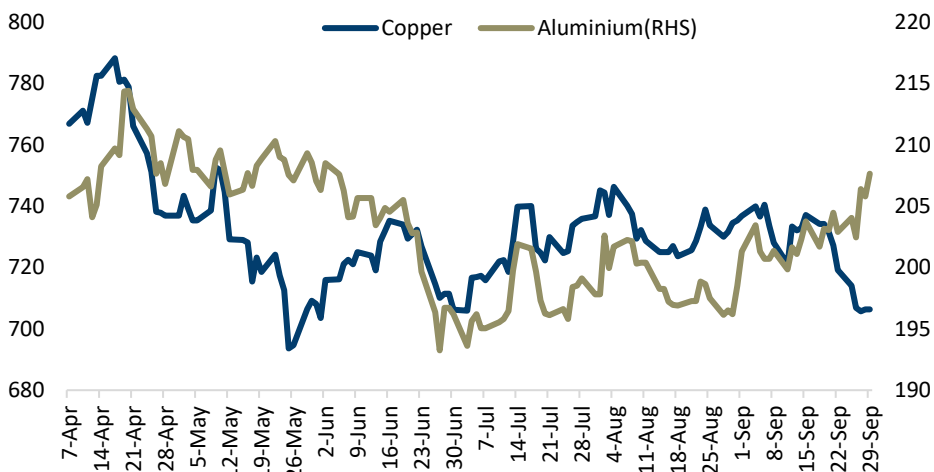
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to slip further towards \$1810 levels as long as it stays below \$1840 levels amid strong dollar and surge in US treasury yields. Yields are rising as improved economic data from US bolstered hopes that US Fed will keep rates higher for longer. Additionally, last minute deal that averted a government shutdown will reduce demand for US debt. Moreover, market will remain cautious ahead of US jolts job opening data
- MCX Gold prices is likely to move south towards 57,000 level as long as it trades below the resistance level of 57,600 levels
- MCX Silver is expected to follow gold prices and move lower towards 68,500 level as long as it sustains below 69,500 level

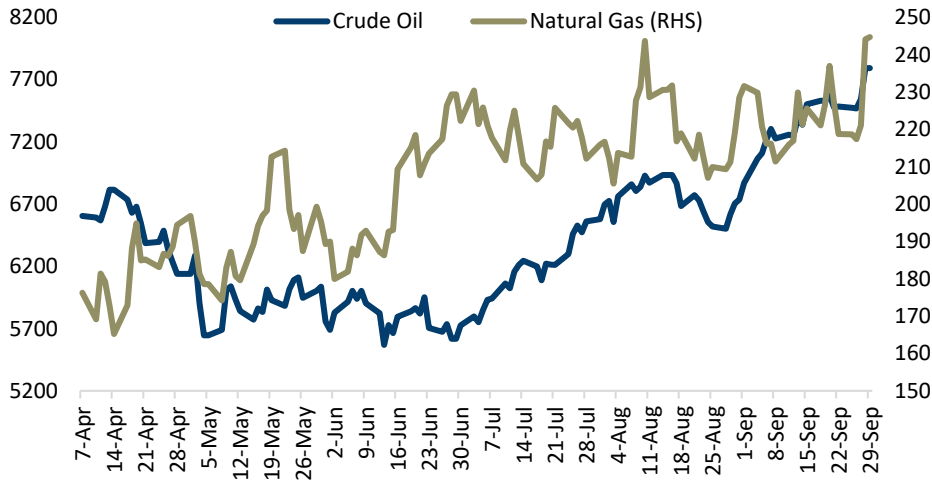
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar and weak global market sentiments. Market sentiments are hurt as investors fear that interest rates in key economies would stay higher for longer than previously estimated. Additionally, several policymakers signaled that monetary policy will need to stay restrictive for some time to bring inflation back down to its 2% target
- MCX Copper may slip further towards 707 levels as long as it trades below 720 levels
- MCX aluminium is expected to move downward towards 207 level as long as it stays below 210.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$86.50 levels amid strong dollar and pessimistic global market sentiments. Additionally, investors fear that higher borrowing cost for longer duration will crumble global economic growth and dent fuel demand. In Europe, manufacturing data showed activity remained mired in downturn in September. Furthermore, more crude oil supply is likely to come in system as Turkey's energy minister said the country will restart operations this week on a pipeline from Iraq
- MCX Crude oil is likely to slip towards 7330 levels as long as it stays below 7550 levels
- MCX Natural gas is expected to move downwards towards 220 level as long as it stays below 240 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	56758	56932	57269	57443	57780
Silver	67473	68665	70946	72138	74419
Copper	718.7	722.0	726.7	730.0	734.7
Aluminium	206.0	209.0	210.6	213.6	215.2
Zinc	229.5	230.9	231.9	233.3	234.4
Lead	186.5	187.3	188.1	188.8	189.6
Crude Oil	7387	7465	7600	7678	7813
Nat Gas	234	240	244	250	255

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.02	83.09	83.19	83.26	83.37
US\$INR (Nov)	83.16	83.21	83.30	83.36	83.45
EURINR (Oct)	87.92	88.10	88.25	88.43	88.58
EURINR (Nov)	88.12	88.30	88.45	88.63	88.78
GBPINR (Oct)	101.52	101.76	101.92	102.16	102.31
GBPINR (Nov)	101.70	101.93	102.08	102.31	102.45
JPYINR (Oct)	55.78	55.92	56.11	56.26	56.45
JPYINR (Nov)	56.21	56.35	56.54	56.67	56.86

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.90	106.17	0.69%
US\$INR	83.04	83.19	-0.18%
EURUSD	1.0477	1.0573	-0.91%
EURINR	88.15	87.69	0.53%
GBPUSD	1.2087	1.2199	-0.92%
GBPINR	101.83	101.46	0.36%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.215	7.241	-0.026
US	4.679	4.571	0.1074
Germany	2.922	2.839	0.083
UK	4.564	4.437	0.127
Japan	0.777	0.765	0.012

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/23/2023	8:00 PM	-6.1M	-2.9M
8/16/2023	8:00 PM	-6.0M	-2.4M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	169300	1475	0.88%
Aluminium	486775	725	0.15%
Zinc	102775	-225	-0.22%
Lead	78325	0	0.00%
Nickel	42204	-24	-0.06%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 02, 2023						
7:30 PM	US	ISM Manufacturing PMI	49.00	47.80	47.60	High
8:30 PM	US	Fed Chair Powell Speaks				High
Tuesday, October 03, 2023						
7:30 PM	US	JOLTS Job Openings		8.85M	8.83M	High
Wednesday, October 04, 2023						
1:30 PM	Europe	Final Services PMI		48.40	48.40	High
11:30 AM	Europe	ECB President Lagarde Speaks		-	-	Medium
2:30 PM	Europe	Retail Sales m/m		-0.50%	-0.20%	Medium
All Day		OPEC-JMMC Meeting		-	-	Medium
6:00 PM	US	ADP Non-Farm Employment Change		155k	177k	High
8:00 PM	US	ISM Services PMI		53.50	54.50	High
8:00 PM	US	Crude oil Inventories		-	(-2.2)M	Medium
Thursday, October 05, 2023						
2:00 PM	UK	Construction PMI		50.00	50.80	Medium
6:00 PM	US	Unemployment Claims		-	204K	High
Friday, October 06, 2023						
10:00 AM	IND	RBI Interest Rate decision		6.5%	6.5%	High
11:30 AM	Europe	German Factory Orders m/m		1.6%	-11.7%	Medium
6:00 PM	US	Average Hourly Earnings m/m		0.3%	0.2%	High
6:00 PM	US	Non-Farm Employment Change		168k	187k	High
6:00 PM	US	Unemployment Rate		3.7%	3.8%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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