

November 6, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	December	Buy	60980-61000	61400	60750	Intraday
USDINR	November	Sell	83.24-83.25	83.05	83.36	Intraday

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News and Developments

- Spot gold prices rallied amid weak dollar and decline in US treasury yields across curve. Dollar slipped after weak job data cemented bets that Federal Reserve is done raising interest rates.
- Nonfarm payrolls increased by 150,000 jobs last month, below expectations for a gain of 180,000. Data for September was revised lower to show 297,000 jobs created instead of 336,000 as previously reported. Unemployment rate rose to 3.9% last month, the highest level since January 2022, from 3.8 in September. In the 12 months through October, wages increased 4.1%, the smallest increase since June 2021, after rising 4.3% in September
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 95.4% from 95.2% a day ago while, prospects for increase by 25bps in December meeting decline to 4.6% from 4.8% a day ago
- Yield on benchmark US 10-year treasury note decline to 4.574% and 2-year treasury yield, which typically moves in step with interest rate expectations edged up to 4.84%. Yields extended their fall after data showed job growth slowed more than expected in October, while wage inflation cooled, signaling easing in labor market conditions
- Crude oil prices slipped on Friday despite of weakness in dollar. Further, weaker than expected jobs data raised expectations that U.S. Federal Reserve could be done hiking interest rates
- Copper prices ended on positive note amid weak dollar following disappointing job data from US. On the supply side, Panama passed a law banning new mining concessions following protests against a recently-approved contract with Canada's First Quantum to operate a key copper mine

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61025	0.22%	1992.65	0.35%
Silver	72287	1.24%	23.21	1.97%
Copper	714.7	0.08%	8175.50	0.40%
Aluminium	208.6	0.63%	2254.00	1.19%
Zinc	225.0	0.90%	2524.50	1.88%
Lead	187.1	0.24%	2171.50	2.28%
WTI Crude Oil	6705	-2.49%	80.51	-2.36%
US Nat Gas	291.8	1.04%	3.52	1.24%

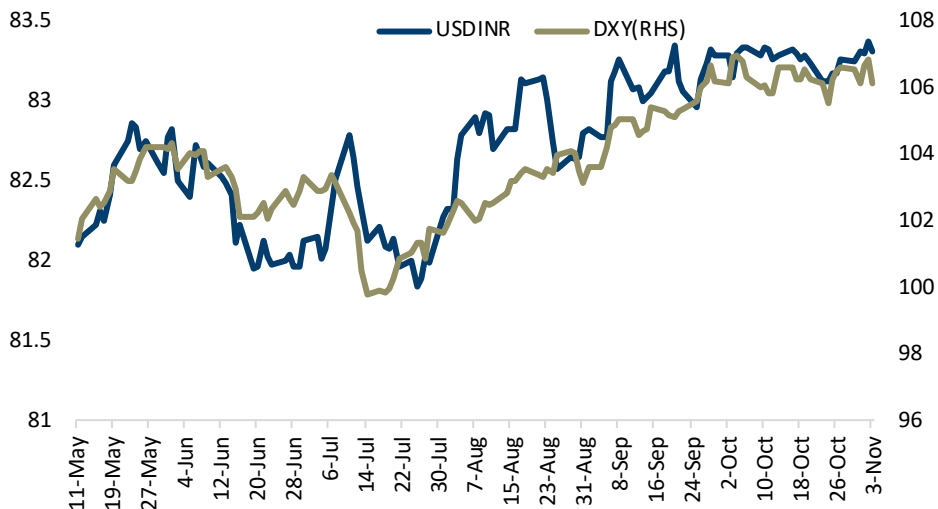
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.31	-0.01%	5669812	135287	1170241	-273091
EURINR (27th oct)	88.76	0.10%	135408	5384	167901	-73964
GBPINR (27th Oct)	101.85	0.23%	171382	2975	149963	-54516

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Buy	708.50-709	715	705	Profit Booked
USDINR	November	Sell	83.32-83.33	83.15	83.40	Profit Booked

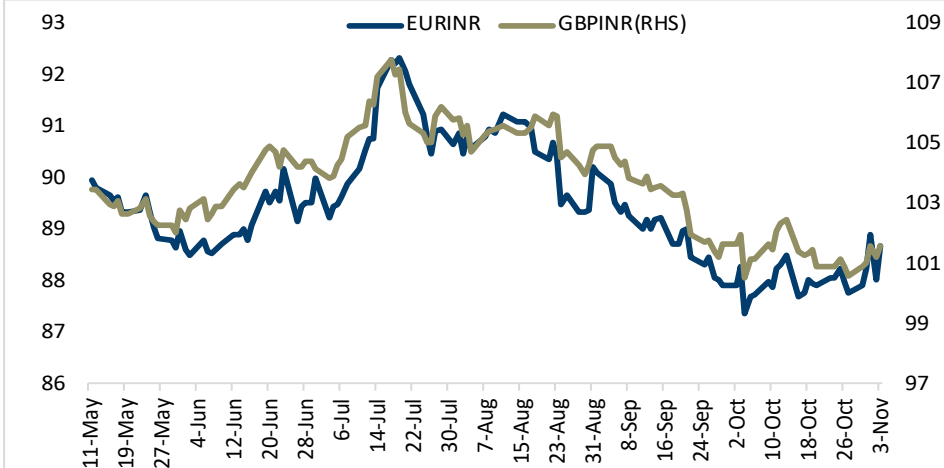
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee moved in a tight range on Friday despite softness in the dollar and fall in US treasury yields. Further more, decline in crude oil prices and improved global risk sentiments supported the rupee to hold firm against the dollar.
- Rupee is expected to open with a sharp gain due to weaker dollar. Lower than expected US Job numbers in October has raised the bets that the Fed has done with its rate hike regime. The CME Fed watch tool suggest more than 95% probability of Fed pause in December. The slowdown in the service sector also indicated some slowing growth in the US. USDINR is likely to dip towards 83.00, as long as it trades under 83.35. Only a move below 83.00 it would open the doors towards 82.80.

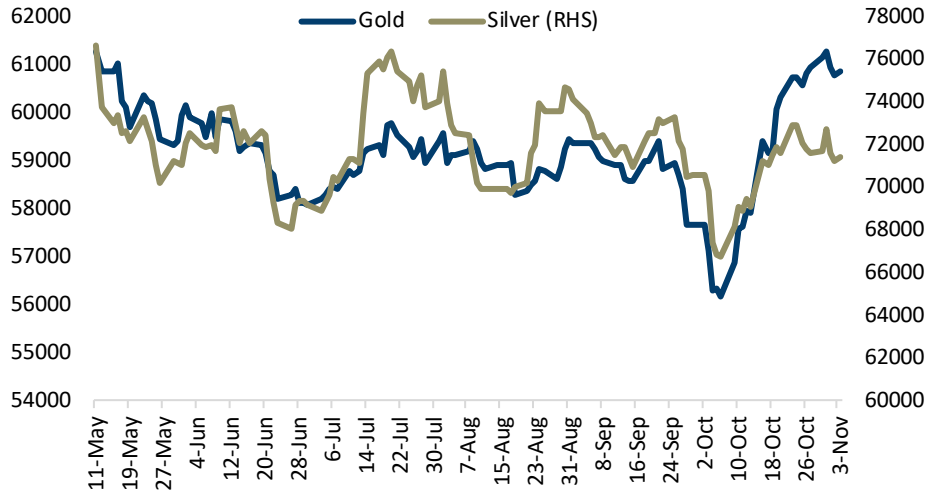
EURINR vs. GBPINR



Euro and Pound Outlook

- The Euro moved above the 1.07 mark amid weakness in the dollar. The pair moved higher despite weaker set of economic numbers from the Eurozone. The pair is expected move higher towards 1.0770 amid softness in the dollar and improved risk appetite in the global equities. EURINR is likely to rise towards 89.50, as long as it holds above 88.80.
- Pound gained more than 1.40% on Friday amid weakness in the dollar. The pair is expected to hold its gains due to softness in the dollar and increasing expectation that the BOE will continues to hold rates on forecast of higher inflation. GBPUSD could test the next target resistance at 1.2430, as long as it holds 1.23 mark. GBPINR is expected to hold the key support near 102.400 and inch higher towards 103.20 levels.

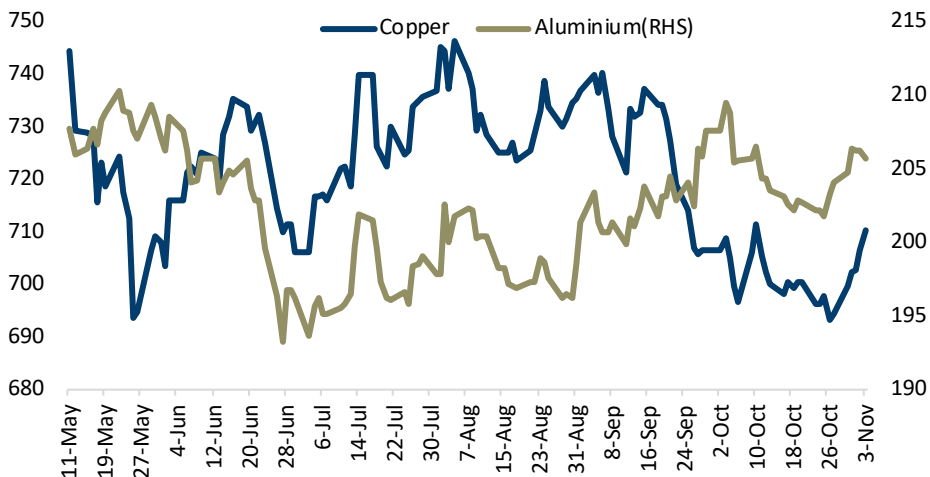
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely rise back towards \$2005 levels as long as its sustains above \$1980 level amid weakness in dollar and decline in US treasury yields. Yields are correcting from their multi-year high as fresh economic data from US reinforced expectations that US Fed will again hold rates steady in December meeting and is done with its hiking interest rates campaign. Further, demand for safe haven may increase on fear that conflict between Hamas and Israel is escalating and may spill over and trigger another multi-front war in the region.
- MCX Gold prices is likely to move north towards 61,350 level as long as it trades above the support level of 60,800 levels
- MCX Silver is expected to rise further till 73,000 level as long as it sustains above 71,500 level.

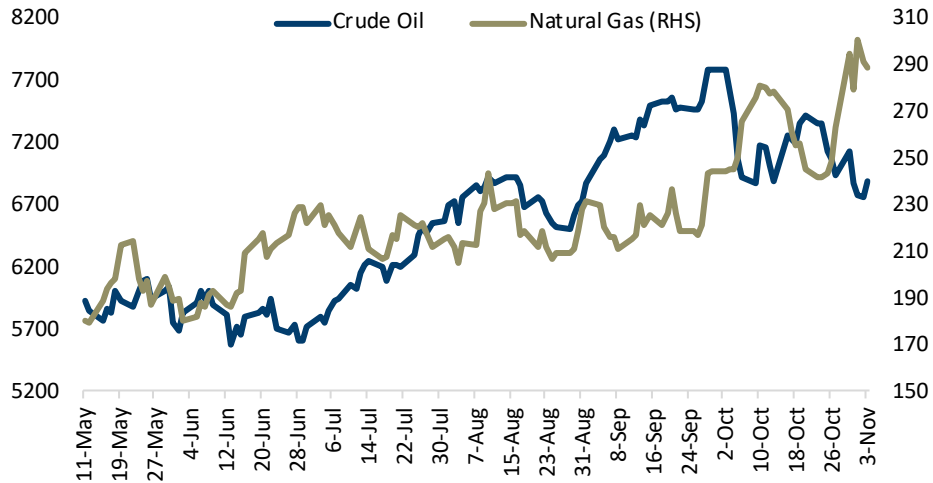
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar and rise in risk appetite in the Asian markets. Market sentiments improved on bets that Fed and ECB are done with their rate hike campaign. Meanwhile, sharp upside may be capped on higher metal inventories in exchange-registered warehouses. copper inventories in warehouses monitored by the Shanghai Futures Exchange rose 11.3% in previous week.
- MCX Copper is likely to rise towards 715 level, as long as it stays above 705 level. A move above 715 would open the doors towards 720 levels.
- MCX aluminium is expected to rise back towards near 208 level as long as it stays above 206.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$80.0 and rise back towards \$83.0 level amid weakness in dollar and on worries over tight supply after top exporters Saudi Arabia and Russia said they would stick to extra voluntary oil output cuts until the end of the year. Further, investors fear over supply disruption amid escalating tensions in Middle East. Investors are worried that the conflict will spread into wider region as Israel has rejected growing calls for ceasefire in Gaza and continued with intense bombardment
- MCX Crude oil is likely to hold support near 6650 levels and move north towards 6900 levels.
- MCX Natural gas is expected to dive towards 275 level as long as it trades below 290 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60640	60833	61081	61274	61522
Silver	70390	71339	71919	72868	73448
Copper	709.6	712.1	714.6	717.1	719.6
Aluminium	207.4	208.0	208.4	209.0	209.4
Zinc	221.7	223.3	224.3	225.9	226.9
Lead	185.2	186.2	187.0	188.0	188.8
Crude Oil	6524	6615	6779	6870	7034
Nat Gas	282	287	292	297	303

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.24	83.27	83.30	83.33	83.36
US\$INR (Nov)	83.32	83.35	83.38	83.41	83.44
EURINR (Oct)	88.45	88.60	88.70	88.85	88.95
EURINR (Nov)	88.63	88.78	88.87	89.02	89.12
GBPINR (Oct)	101.43	101.64	101.77	101.97	102.10
GBPINR (Nov)	101.56	101.76	101.88	102.08	102.20
JPYINR (Oct)	55.60	55.65	55.69	55.74	55.78
JPYINR (Nov)	55.95	56.00	56.03	56.08	56.11

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.02	106.12	-1.04%
US\$INR	83.29	83.25	0.04%
EURUSD	1.0731	1.0622	1.03%
EURINR	88.69	88.44	0.29%
GBPUSD	1.2380	1.2203	1.45%
GBPINR	101.73	101.45	0.28%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.314	7.324	-0.01
US	4.572	4.659	-0.0866
Germany	2.645	2.717	-0.072
UK	4.288	4.382	-0.094
Japan	0.926	0.926	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
10/25/2023	8:00 PM	1.4M	-0.5M
10/18/2023	8:00 PM	-4.5M	-0.5M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	180600	9775	5.72%
Aluminium	468700	-2000	-0.42%
Zinc	78575	-3625	-4.41%
Lead	129375	-275	-0.21%
Nickel	41826	-1224	-2.84%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 06, 2023						
2:30 PM	Europe	Final Services PMI		47.80	47.80	Medium
Tuesday, November 07, 2023						
12:30 PM	Europe	German Industrial Production m/m		-0.3%	-0.2%	Medium
7:00 PM	US	Trade Balance		(-60.2)B	(-58.3)B	Medium
Wednesday, November 08, 2023						
3:30 PM	Europe	Retail Sales m/m		-0.2%	-1.2%	Medium
7:45 PM	US	Fed Chair Powell Speaks		-	-	High
8:00 PM	US	Crude oil Inventories		-	-	Medium
Thursday, November 09, 2023						
7:00 AM	China	CPI y/y		-0.20%	0.00%	Medium
7:00 PM	US	Unemployment Claims		218k	217k	High
Friday, November 10, 2023						
12:30 AM	US	Fed Chair Powell Speaks		-	-	High
12:30 PM	UK	GDP m/m		0.00%	0.20%	High
12:30 PM	UK	Industrial Production m/m		-0.1%	-0.7%	Medium
5:30 PM	India	Industrial Production y/y		-	-	Medium
8:30 PM	US	Prelim UoM Consumer Sentiment		63.4	63.8	High
8:30 PM	US	Prelim UoM Inflation Expectations		-	4.2%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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