

November 22, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Buy	715-715.50	721	712	Intraday
GBP/INR	November	Buy	104.38-104.40	104.80	104.20	Intraday

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News and Developments

- Spot Gold breached the \$2000 mark on Tuesday on expectation that the Federal Reserve had reached the end of the rate hike cycle after the latest Fed minutes suggests cautious approach from the members to more hikes. Further, strong purchase from the Global central banks in first nine months of the year also strengthened its rally.
- The dollar index recovered from its two and half month lows, but the US treasury yields edged lower after the Fed meeting minutes.
- The 10-year US Treasury yields ended lower below the 4.40% mark, where as the 2 year yield shed the most on Tuesday by 0.04 bps to 4.87%.
- Earlier the dollar index hit its lowest level in two and half month low amid weaker US existing home sales numbers.
- Crude oil futures took a pause in its rally and settled below the \$78 mark ahead of the OPEC+ meeting on Sunday. The OPEC+ nations are expected to extend or even deepen oil supply cuts into next year. Meanwhile, higher API crude oil inventory numbers last week also checked the upside in the oil prices to move beyond the \$78 mark.
- Copper futures edged higher on Tuesday amid softer dollar. Further more supply concerns from Las Bambas in Peru and Cobre Panama mines supported prices. Additionally, optimism of more stimulus for the property sector from China also strengthened the red metal to hit its 2 month high.
- NYMEX Natural gas hit the traded lower on Tuesday amid record output in US. However, forecast of colder weather in US restricted its downside.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61225	0.94%	1998.29	1.02%
Silver	73304	0.84%	23.75	1.31%
Copper	717.2	-0.06%	8449.00	0.22%
Aluminium	205.7	0.12%	2258.50	0.58%
Zinc	226.3	-0.72%	2546.00	-0.68%
Lead	189.8	-0.55%	2271.00	-0.18%
WTI Crude Oil	6468	-1.15%	77.77	0.22%
US Nat Gas	238.7	-1.28%	2.85	-1.25%

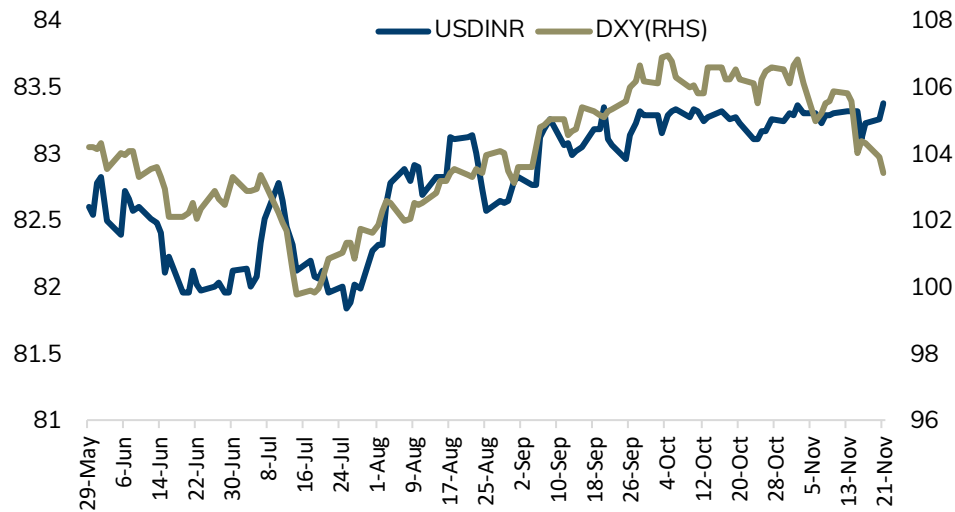
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.35	-0.04%	4629413	-85318	1334262	-278714
EURINR (27th oct)	91.19	0.12%	152267	-16550	156185	-22940
GBPINR (27th Oct)	104.41	0.45%	182068	4884	221288	45149

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Buy	715.50-716	722	712	Profit Booked
EURINR	November	Buy	91.28-91.30	91.70	91.10	Exit in Loss

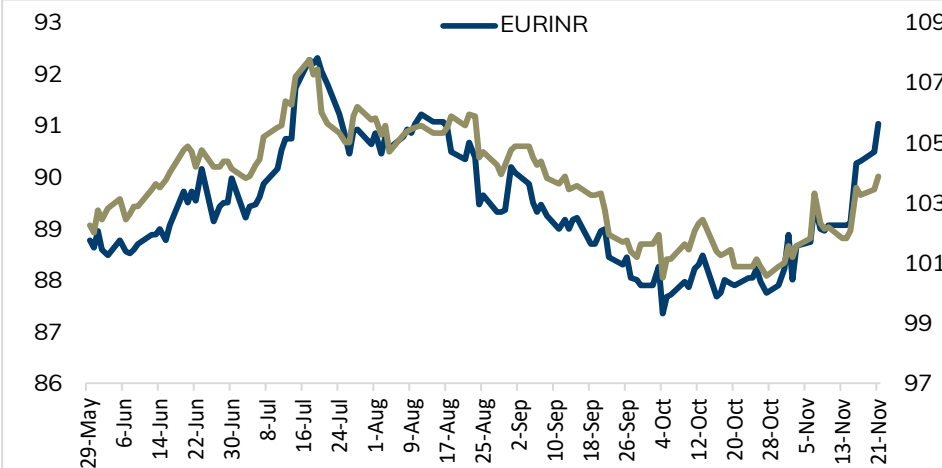
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee fell to record closing low amid persistent local demand for dollar and FII outflows. Meanwhile, weakness in dollar and optimistic domestic market sentiments prevented further downside in rupee
- Rupee is likely to appreciate today amid expectation of further correction in dollar and decline US treasury yields after FOMC meeting minutes showed Fed officials agreed that they would proceed "carefully" and only raise interest rates if progress in controlling inflation weakened. Moreover, recent minutes failed to displace market expectations that its monetary policy tightening cycle was over. Meanwhile, sharp gains may be prevented on FII outflows and steady crude oil prices. USDINR may slip to 83.25 level as long as it stays below 83.45 levels

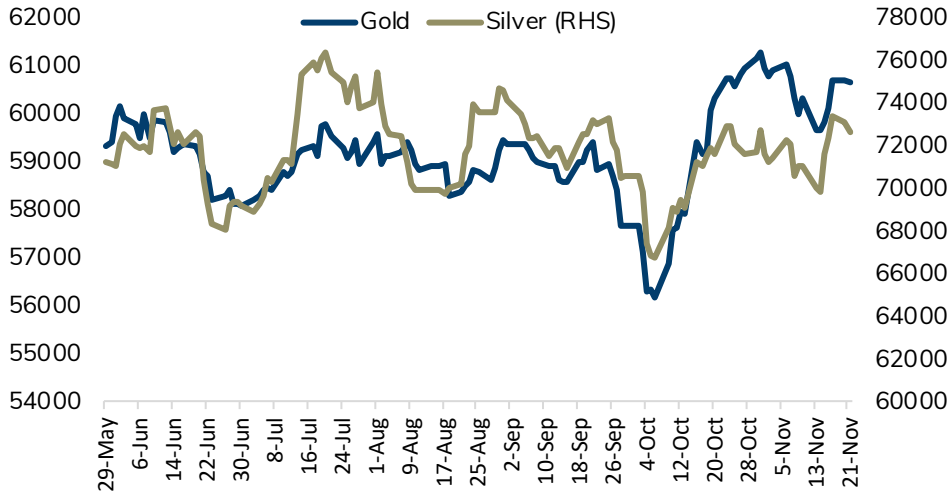
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro fell back from 3½ month high and slipped by 0.27% yesterday amid recovery in dollar and dovish comments from ECB Governing Council member Simkus. He signaled that he favors keeping ECB policy steady. For today, EURUSD is likely to hold the support near 1.0880 and rise back towards 1.0950 level amid soft dollar and improved economic data from euro zone. Further, ECB President Lagarde said bank can't declare victory over inflation just yet and will have to remain "attentive" until it's firmly headed back to the 2% goal. EURINR may rally back towards 91.40 as long as it trades above 90.90 levels
- Pound is likely to move north towards 1.2600 level amid soft dollar and hawkish comments from BOE officials. While, investors will remain cautious ahead of Autumn Statement where British finance minister Jeremy Hunt is scheduled to announce changes to fiscal policy aimed at boosting the stuttering economy. GBPINR is likely to move higher towards 104.80 level as long as it stays above 104.20

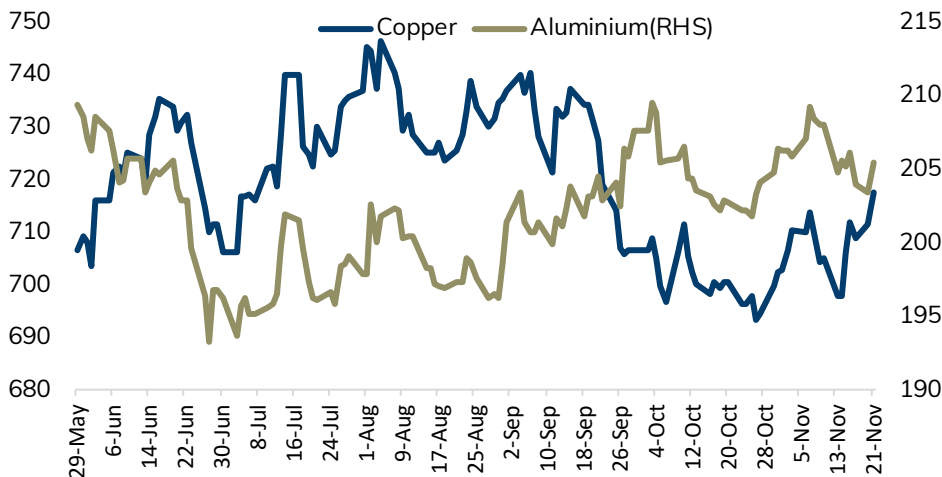
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to hold its ground and trade higher amid softness in the dollar and US treasury yields. Further, strong physical demand from the central banks would also support the bullions to trade higher. The CME Fed Watch toll indicates nearly 0% probability of rate hike in Dec and Jan meeting. Further, expectation of weaker economic numbers from the US would strengthen the probability that the Federal reserve would cut the rates in the first half of 2024.
- MCX gold is expected to rise towards 61,500, as long as it holds above the 5 day EMA support at 60,740
- MCX Silver is likely to follow the yellow metal and rise towards 74,000, as long as it trades above the 72,000 mark.

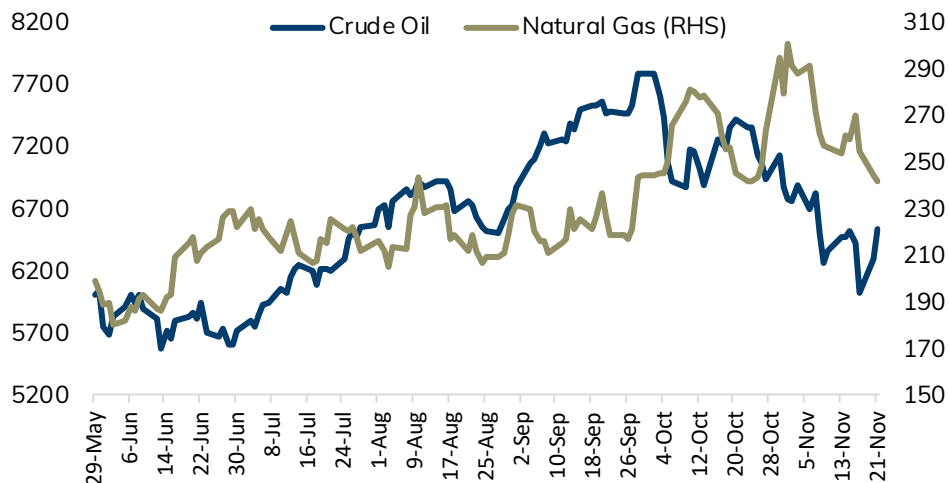
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to find support and move north amid renewed supply risks in Peru and Panam. Further, hopes of more stimulus from China to support the housing industry would also support the metals to trade higher. Meanwhile, higher inventories in LME could restrict more upside in the red metal.
- MCX Copper is expected to rise towards 721, as long as it holds above the 712 level.
- MCX Aluminium is expected to rise towards 207, as long as it trades above the 204 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to move in a tight range ahead of this weeks key OPEC+ meet on Sunday. The downside in prices could be limited amid speculation on supply cuts from OPEC+ production. Where as lower demand forecast and build ups in crude oil inventories in US would limit the upside in oil prices. Meanwhile, traders will keep an eye on a development in the Gulf of Mexico as seven energy companies have been impacted by an oil discharge.
- MCX Crude oil is likely to consolidate in between 6350-6600. A move above 6600 would open the doors towards 6800 mark. Below 6350, it would weaken towards 6200.
- MCX Natural gas December futures is expected to weaken further towards 245, as long as it trades under 260 mark.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60575	60900	61130	61455	61685
Silver	72097	72700	73207	73810	74317
Copper	713.8	715.5	717.4	719.1	721.0
Aluminium	203.9	204.8	205.6	206.5	207.3
Zinc	223.6	225.0	226.5	227.9	229.4
Lead	188.1	188.9	189.9	190.7	191.7
Crude Oil	6383	6425	6463	6505	6543
Nat Gas	234	236	240	243	247

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Nov)	83.30	83.33	83.35	83.38	83.40
US\$INR (Dec)	83.35	83.38	83.42	83.45	83.49
EURINR (Nov)	91.00	91.10	91.25	91.34	91.50
EURINR (Dec)	91.07	91.20	91.35	91.48	91.64
GBPINR (Nov)	104.18	104.29	104.43	104.55	104.69
GBPINR (Dec)	104.25	104.35	104.48	104.58	104.72
JPYINR (Nov)	56.18	56.34	56.52	56.68	56.86
JPYINR (Dec)	56.61	56.73	56.87	57.00	57.13

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.57	103.44	0.12%
US\$INR	83.36	83.35	0.01%
EURUSD	1.0911	1.0940	-0.27%
EURINR	91.23	91.15	0.08%
GBPUSD	1.2539	1.2505	0.27%
GBPINR	104.45	104.26	0.18%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.271	7.257	0.014
US	4.393	4.420	-0.0272
Germany	2.566	2.611	-0.045
UK	4.105	4.125	-0.02
Japan	0.703	0.750	-0.047

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/15/2023	8:00 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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	179025	-950	-0.53%
Aluminium	476875	-2900	-0.60%
Zinc	142750	9225	6.91%
Lead	135925	0	0.00%
Nickel	44142	-216	-0.49%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 20, 2023						
6:45 AM	China	1-Y Loan Prime Rate	3.45%	3.45%	3.45%	High
6:45 AM	China	5-Y Loan Prime Rate	4.20%	4.20%	4.20%	High
Tuesday, November 21, 2023						
8:30 PM	US	Existing Home Sales	3.79M	3.90M	3.96M	Medium
Wednesday, November 22, 2023						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:00 AM	US	Unemployment Claims	-	226K	231k	High
7:00 AM	US	Durable Goods Orders m/m	-	-3.2%	4.7%	Medium
8:30 PM	US	Revised UoM Consumer Sentiment	-	61.10	60.40	Medium
9:00 PM	US	Crude Oil Inventories	-	-	3.6M	Medium
Thursday, November 23, 2023						
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.2	42.8	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	41.1	40.8	High
2:30 PM	Europe	Flash Manufacturing PMI	-	43.3	43.1	Medium
2:30 PM	Europe	Flash Services PMI	-	48.0	47.8	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	45	44.8	High
3:00 PM	UK	Flash Services PMI	-	49.5	49.5	High
Friday, November 24, 2023						
2:30 PM	Europe	German Final GDP q/q	-	-0.10%	-0.10%	Medium
3:30 PM	Europe	German ifo Business Climate	-	87.5	86.9	Medium
8:15 PM	US	Flash Manufacturing PMI	-	49.9	50	High
8:15 PM	US	Flash Services PMI	-	50.4	50.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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