

October 11, 2023

## Daily Currency & Commodities Outlook

### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	November	Buy	57200-57250	57600	56980	Intraday
GBPINR	October	Buy	102.20-102.22	102.60	102.00	Intraday

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## News and Developments

- Gold prices edged higher on Tuesday amid softness in the dollar index and 10-year US treasury yields. The US dollar index slide below the 105.80 mark after the dovish comments from the Fed members. Fed officials indicated that rising yields on long-term U.S. Treasury bonds could steer the Fed away from further increases in its short-term policy rate.
- On Tuesday, the comments from the Atlanta Fed president Bostic raised the bets that the Fed is heading towards pause in its interest rate hikes
- The 10-year US treasury yields slide below the 4.65 mark on Tuesday and the US dollar edged lower towards 105.70.
- The CME Fed-watch tool indicates more than 88% probability that the Federal reserve will hold the rates unchanged in its November policy
- Crude oil prices gave back some of its Monday's gain as traders focused on demand levels but still remained cautious amid the on going geopolitical risk in Middle east. Meanwhile, cut down in Global GDP forecast by IMF also forced traders to book some profits. IMF cut its 2024 global GDP forecast to +2.9% from July's forecast of +3.0%.
- Copper prices retreated on Tuesday amid renewed concerns in the Chinese property sector. Rising inventories in LME registered warehouses also weighed on copper prices. Copper Stock are at 171,525 tons, the highest since May last year
- NYMEX Natural gas held steady near its 9-month high on the expectations that cooler than normal temperature will raise heating demand.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	57629	0.10%	1860.40	-0.05%
Silver	68918	-0.25%	21.84	-0.17%
Copper	708.4	-0.83%	8022.50	-1.01%
Aluminium	205.7	-1.08%	2212.50	-1.29%
Zinc	223.0	-0.82%	2472.00	-1.63%
Lead	186.3	-0.13%	2102.00	-1.34%
WTI Crude Oil	7161	-0.32%	85.97	-0.47%
US Nat Gas	280.8	-0.18%	3.38	0.18%

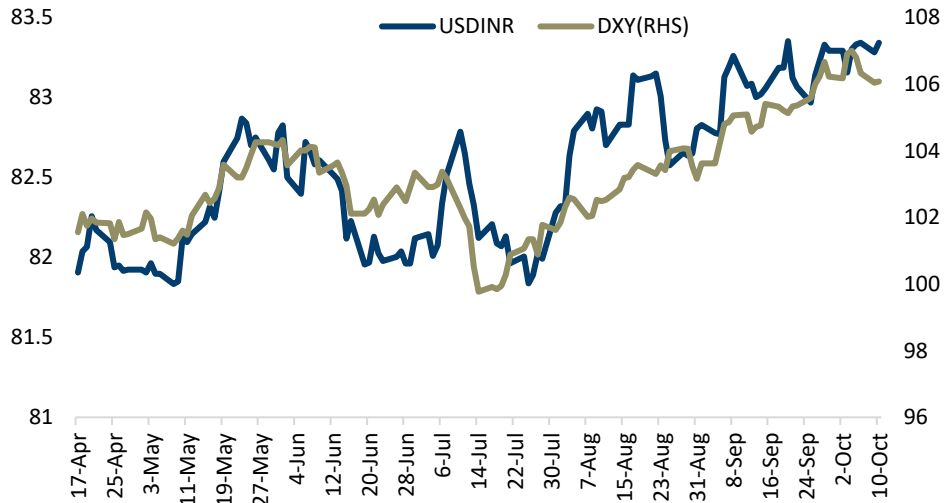
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.32	-0.03%	5762891	257423	1742037	145248
EURINR (27th oct)	88.26	0.45%	117952	-3828	177396	54439
GBPINR (27th Oct)	102.09	0.61%	158228	-20844	251241	79709

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	November	Buy	57200-57220	57600	56950	Not Initiated
EURINR	October	Buy	87.85-87.87	88.25	87.65	Not Initiated

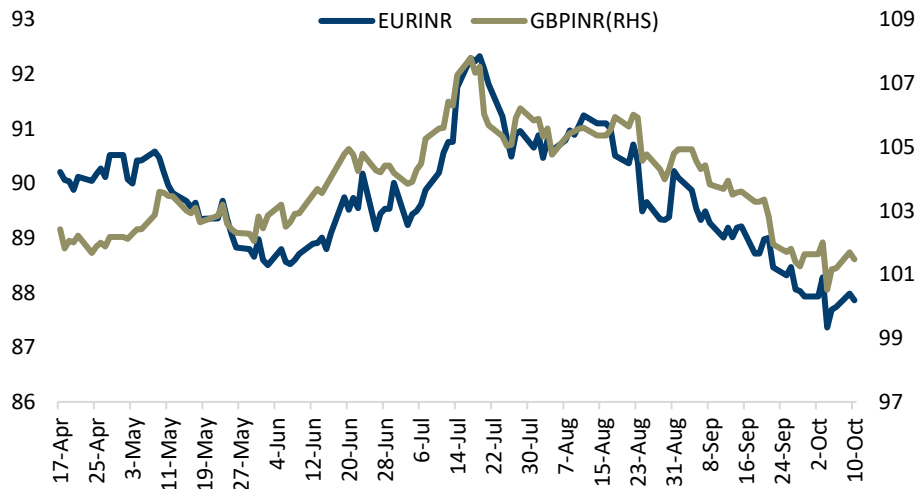
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended flat yesterday amid decline in US treasury yields and soft dollar. Dollar slipped on dovish statement from Fed officials and prospect of stimulus from China
- Rupee is expected to appreciate today as dollar loses its steam. Further, improved global market sentiments and softening of US treasury yields across curve may support rupee. Yields are retreating from its multi-year high as slew of Fed officials signaled that US central bank may not need to tighten monetary policy further than initially expected. Meanwhile, investors will remain cautious ahead of FOMC meeting minutes to get cues on its interest rate outlook. USDINR is likely to slip back towards 83.15 levels as long as it sustains below 83.35 levels

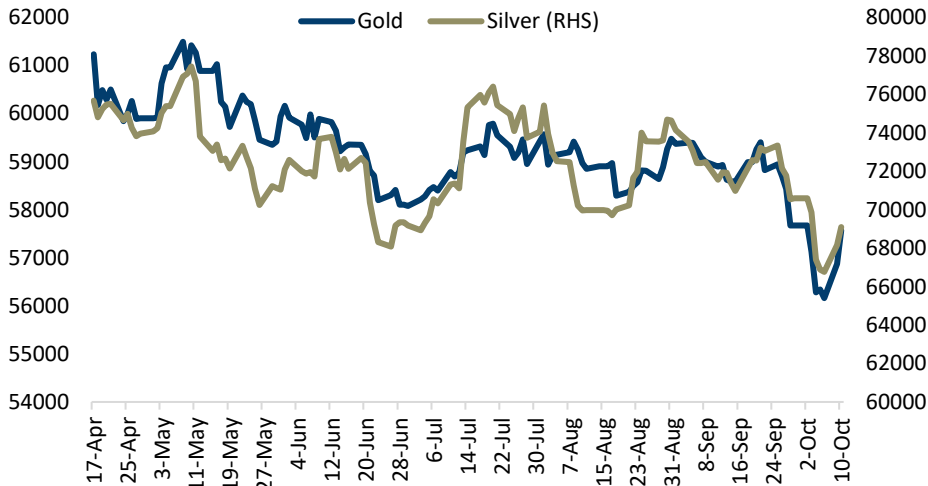
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged higher yesterday amid weak dollar, improved economic data from Italy and rise in risk appetite in the global markets. Further, hawkish comments from ECB Governing council member Holzmann supported single currency. For today, EURUSD is likely to rise further towards 1.0650 levels as long as it remains above 1.0560 levels amid soft dollar and improved global market sentiments. EURINR may move north towards 88.60 level as long as it stays above support level of 88.05 levels
- Pound is expected to rise towards 1.2350 level amid soft dollar and improved global market sentiments. However, sharp upside may be capped on expectations that BOE might be done with its most extensive rate hiking cycle. GBPINR is likely to rise towards 102.60 level as long as it trades above 102.00 level.

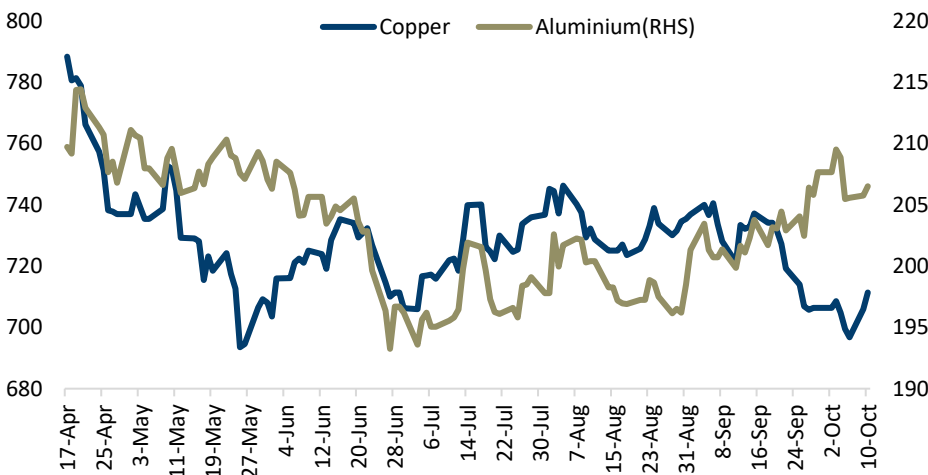
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to hold the support near \$1845 and move higher towards \$1880 amid softness in the US dollar index. The increasing probability of Fed pause in the November meeting would support the bullions to hold firm. Furthermore, expectation of smoothness in key US PPI numbers would also support the Fed pause bets. Meanwhile, investors will remain focused ahead of FOMC meeting minutes scheduled today.
- MCX Gold prices is likely to rise towards 57900 as long as it holds the key support 57400. Above 57900, it would open the doors towards 58,200 level.
- MCX Silver is expected to rise towards 70000, as long as it holds above 68200 level.

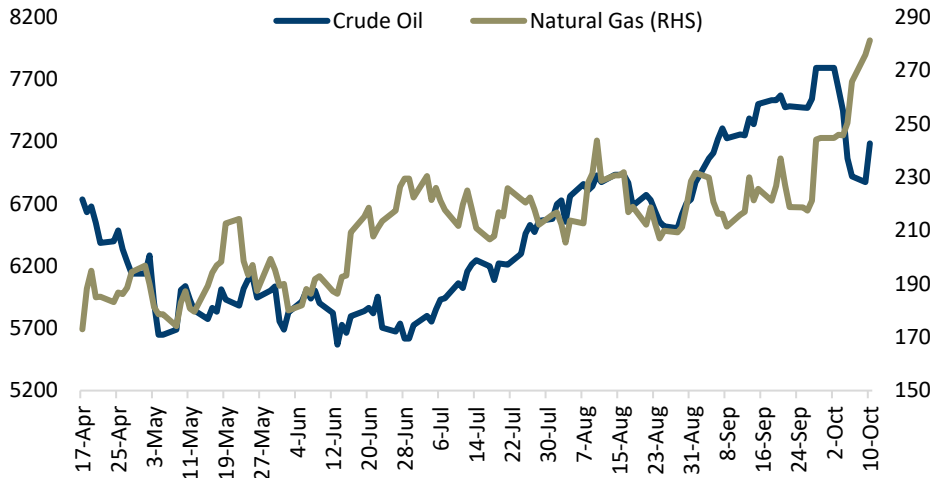
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to find support and recover its losses amid hopes of fresh round of stimulus from China to support the housing market. However, persistence rise in inventory levels in the LME registered warehouse could restrict the upside in the metal. Meanwhile, investors will focus on the key economic numbers from China.
- MCX Copper is expected to find support near 698 and move higher towards 710. Only close below 698 would weaken further towards 692.
- MCX aluminium is expected to weaken towards 203, as long as it trades under 207.00 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to hold above the key support at \$84 and move higher towards the \$88 amid ongoing geopolitical risk in the Middle East. Further, expectation of fresh round of stimulus from China could also support oil prices to trade with a positive bias. Moreover, softness in the dollar amid increasing bets of Fed pause in the November meeting would support the NYMEX crude to hold above the \$84 mark.
- MCX Crude oil is likely to find support near 7060 and rise back towards 7250 level
- MCX Natural gas is expected to find support near 276 and rise towards 288 level on forecast of colder temperature in the US which would boost heating demand for natural gas.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	57382	57505	57625	57748	57868
Silver	68347	68633	68886	69172	69425
Copper	699.8	704.1	708.7	713.0	717.5
Aluminium	204.4	205.0	206.2	206.8	208.0
Zinc	219.7	221.3	223.7	225.3	227.7
Lead	185.7	186.0	186.3	186.6	187.0
Crude Oil	7036	7099	7163	7226	7290
Nat Gas	273	277	282	286	291

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.26	83.29	83.31	83.34	83.36
US\$INR (Nov)	83.37	83.41	83.43	83.46	83.49
EURINR (Oct)	87.81	88.03	88.24	88.47	88.68
EURINR (Nov)	87.92	88.19	88.42	88.69	88.93
GBPINR (Oct)	101.54	101.81	102.05	102.32	102.56
GBPINR (Nov)	101.72	101.98	102.21	102.47	102.70
JPYINR (Oct)	55.95	56.04	56.17	56.26	56.39
JPYINR (Nov)	56.32	56.40	56.53	56.61	56.74

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.83	106.08	-0.24%
US\$INR	83.26	83.27	-0.02%
EURUSD	1.0605	1.0567	0.36%
EURINR	88.28	87.71	0.65%
GBPUSD	1.2287	1.2238	0.40%
GBPINR	102.13	101.49	0.63%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.347	7.381	-0.034
US	4.653	4.801	-0.1479
Germany	2.775	2.772	0.003
UK	4.426	4.476	-0.05
Japan	0.783	0.805	-0.022

## US Crude Stocks Change (Barrels)

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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	171525	1050	0.62%
Aluminium	492650	-3000	-0.61%
Zinc	90900	-1525	-1.65%
Lead	85300	400	0.47%
Nickel	43110	-24	-0.06%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 09, 2023						
11:30 AM	Europe	German Industrial Production m/m	-0.2%	-0.1%	-0.8%	Medium
Tuesday, October 10, 2023						
1:30 PM	Europe	Italian Industrial Production m/m	0.2%	-0.5%	-0.7%	Medium
Tentative	Europe	ECB President Lagarde Speaks	-	-	-	Medium
10:30 PM	US	FOMC Member Waller Speaks	-	-	-	Medium
<b>Wednesday, October 11, 2023</b>						
<b>6:00 PM</b>	<b>US</b>	<b>Core PPI m/m</b>	-	<b>0.2%</b>	<b>0.2%</b>	<b>High</b>
<b>6:00 PM</b>	<b>US</b>	<b>PPI m/m</b>	-	<b>0.3%</b>	<b>0.7%</b>	<b>High</b>
<b>11:30 PM</b>	<b>US</b>	<b>FOMC Meeting Minutes</b>	-	-	-	<b>High</b>
Thursday, October 12, 2023						
11:30 AM	UK	GDP m/m	-	0.2%	-0.5%	High
5:30 PM	India	CPI y/y	-	5.45%	6.83%	High
6:00 PM	US	CPI y/y	-	3.6%	3.7%	High
6:00 PM	US	Unemployment Claims	-	216K	207K	High
Friday, October 13, 2023						
7:00 AM	China	CPI y/y	-	0.2%	0.1%	High
Tentative	China	Trade Balance	-	510B	488B	Medium
7:30 PM	US	Prelim UoM Consumer Sentiment	-	67.5	68.1	High
7:30 PM	US	Prelim UoM Inflation Expectations	-	-	3.2%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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