

September 13, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	September	Buy	7290-7300	7420	7220	Intraday
USDINR	September	Sell	83.00-83.02	82.80	83.12	Intraday

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News and Developments

- Spot Gold prices edged lower yesterday amid slight gain in dollar and rise in short term US treasury yields. US treasury yields traded in a narrow range as investors await key inflation figures that they believe will keep Fed from raising interest rates next week
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 93% while, prospects for increase by 25bps in November meeting stand at 40.4%
- Yield on benchmark US 10-year treasury note was down by 2 basis points to 4.268% and 2-year treasury yield, which typically moves in step with interest rate expectations rose 0.6 basis point to 5.001%
- US Dollar recouped some of its losses as market participants await inflation data due on Wednesday
- Crude oil price jumped more than 1.5% yesterday on a tighter supply outlook and OPEC confidence over the resilience of energy demand in major economies. OPEC monthly report forecast world oil demand to rise by 2.25 million barrels per day in 2024 unchanged from last month forecast
- The U.S. Energy Information Administration projected global oil output would rise to 101.2 million bpd in 2023 and 102.9 million bpd in 2024, while world demand will rise to 101.0 million bpd in 2023 and 102.3 million bpd in 2024. Additionally, EIA expects global oil inventories to decline by almost half million bpd in second half of 2023
- Copper prices edged lower amid slight gain in dollar and rising inventories at LME registered warehouses. Meanwhile, sharp downside was cushioned amid positive news from China's property market as developer Country Garden won approval from its creditors to extend repayment on 6 onshore bonds by 3 years

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58626	-0.52%	1913.67	-0.45%
Silver	71934	-0.01%	23.07	-0.06%
Copper	732.1	-0.18%	8391.00	-0.13%
Aluminium	201.1	-0.27%	2196.50	-0.41%
Zinc	220.7	-0.70%	2479.00	-1.22%
Lead	187.1	-0.74%	2219.50	-1.31%
WTI Crude Oil	7385	1.89%	88.84	1.78%
US Nat Gas	229.9	5.94%	2.74	5.18%

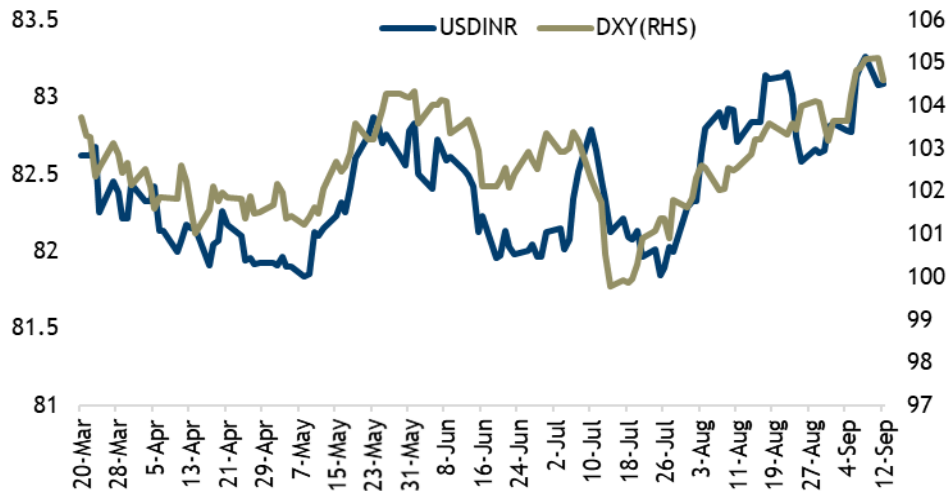
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.00	-0.10%	3818076	-65244	1760559	-762852
EURINR (26th Sep)	89.01	-0.20%	126877	536	87137	-8544
GBPINR (26th Sep)	103.50	-0.42%	207989	23231	208160	51971

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	September	Buy	730.5-731	737	727	Profit Booked
USDINR	September	Sell	83.05-83.06	82.90	83.15	Profit Booked

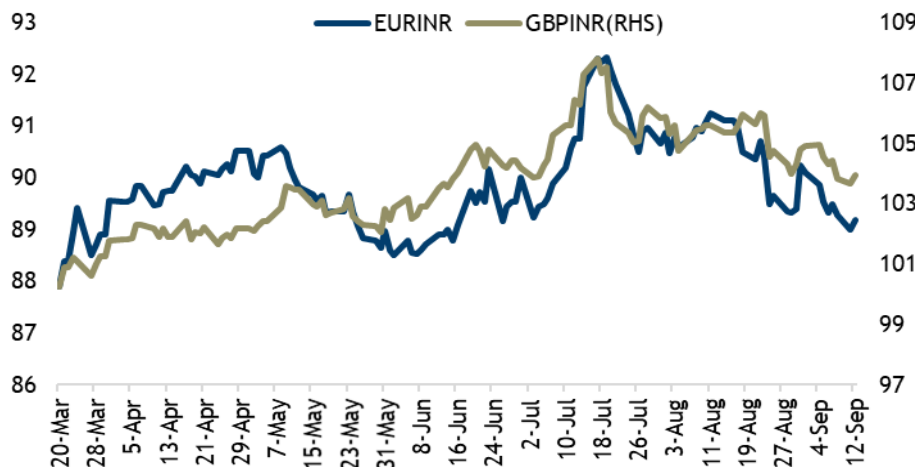
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated a bit on Tuesday to 82.92 ahead of the key economic numbers. Meanwhile the stronger dollar and higher crude oil prices checked its gains.
- The pair is expected to face the hurdle near 83.10 and move back towards 82.80 amid strong factory output data. The Factory output grew to five month high of 5.7% in July. Meanwhile, sticky inflation numbers, which is still above RBI's higher band of 6% could force the RBI to keep its liquidity conditions tight. Now the investors will eye on today's key US CPI numbers, which could provide more clues to the future rate path. USDINR is expected to consolidate in the range of 82.80-83.10.

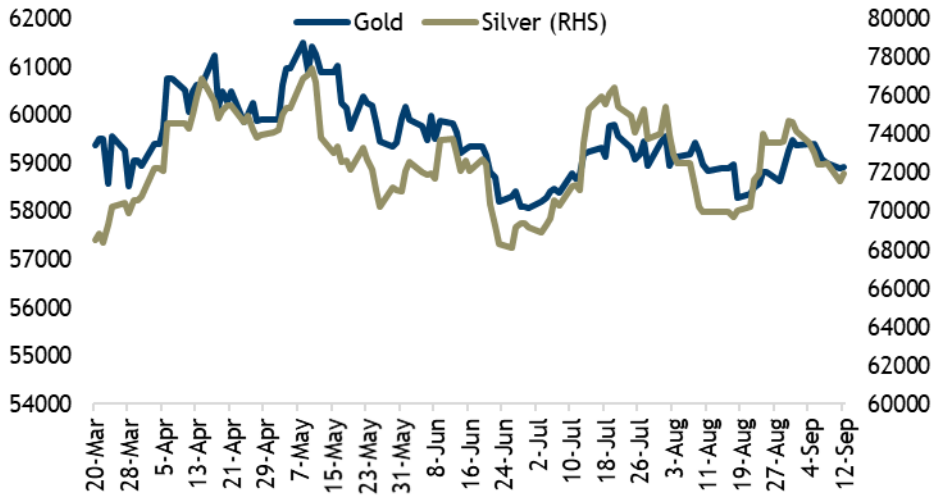
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro remained under pressure on Tuesday amid firm dollar. But better than expected German ZEW economic sentiments supported the pair bounce back towards 1.075. The pair is likely to move inside the range of 1.0710-1.0780 ahead of the key economic numbers. Above 1.0780 it would extend its rebound towards 1.0820. EURINR is likely to find the support near 88.90 and move back towards 89.40 mark
- The pound edged lower despite better than expected job numbers in August. The pair is still holding the key support of 200 day EMA at 1.2450. We expect the pair to consolidate in the band of 1.2450-1.2550 ahead of key economic numbers. However, expectation of weaker GDP numbers could restrict the upside in the pair. GBPINR is expected to face the hurdle near 104 and weaken towards 103.30.

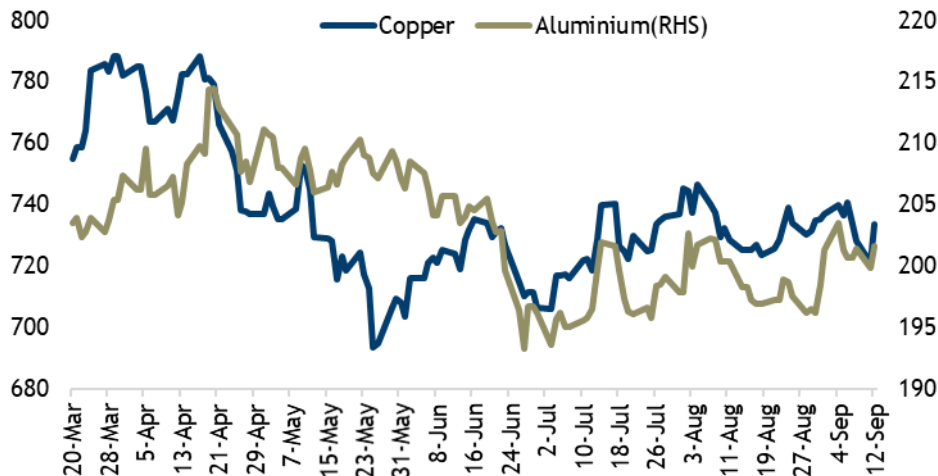
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to slip further towards \$1900 levels as long as it sustains below \$1920 levels amid rise in US treasury yields. Further, investors will await for inflation figures along with produce price index and retail sales data as it could influence Fed policymakers decisions. Furthermore, market participants fear that rising crude oil prices will hurt headline inflation in turn forcing major central banks across globe to keep rates elevated.
- MCX Gold prices is likely to move south towards 58,300 level as long as it trades below the resistance level of 58,900 levels
- MCX Silver is expected to slip further towards 71,300 level as long as it sustains below 72,500 level

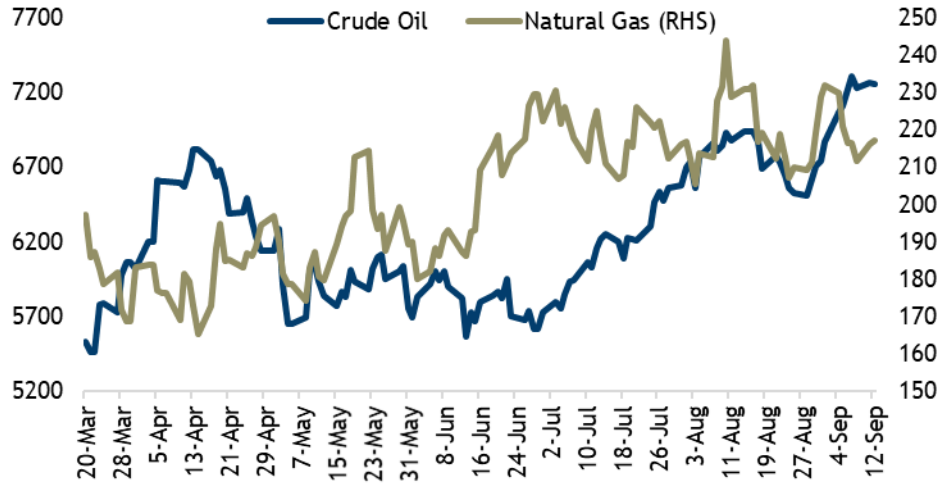
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid weak global market sentiments and rising copper inventories. Stockpiles at LME registered warehouses increased to 135,659 tons, highest since last October. Additionally, investors fear that slowdown in major economies will dent demand for industrial metal. Additionally, spurt of home sales in China's biggest cities is losing momentum. Sales of existing homes plunged 35% to 1700 units last weekend. Across China, transactions continued to drop falling more than 20% by area, according to China index holdings.
- MCX Copper may slip further towards 725 levels as long as it trades below 735 levels
- MCX aluminium is expected to move downward towards 199.50 level as long as it stays below resistance level of 202.00 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further till \$90 on weak dollar and expectation of tighter global oil supply. Further, fears of supply disruption in Libya will support oil prices. As per report, Libya is shutting 4 of its eastern oil export terminal due to deadly storm. Additionally, investors will keep an eye on weekly EIA inventory figures. Meanwhile, according to market sources citing American Petroleum Institute figures, Crude stock rose by about 1.2 million barrels last week and gasoline and distillate stockpiles rose by 4.2 million barrels and 2.6 million barrels respectively
- MCX Crude oil October is likely to rise further towards 7420 level as long as its sustains above 7220 levels
- MCX Natural gas is expected to move upwards towards 235 level as long as it stays above 220 level on forecast of hot US temperatures

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58239	58432	58714	58907	59189
Silver	70934	71434	71842	72342	72750
Copper	727.1	729.6	732.6	735.1	738.2
Aluminium	199.9	200.5	201.4	202.0	203.0
Zinc	217.9	219.3	221.3	222.7	224.7
Lead	185.6	186.4	187.4	188.2	189.2
Crude Oil	7200	7293	7346	7439	7492
Nat Gas	212	221	226	235	240

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.85	82.93	83.00	83.07	83.14
US\$INR (Oct)	82.85	82.98	83.08	83.20	83.30
EURINR (Sep)	88.73	88.87	89.10	89.24	89.47
EURINR (Oct)	88.95	89.09	89.31	89.44	89.66
GBPINR (Sep)	103.06	103.28	103.65	103.88	104.25
GBPINR (Oct)	103.20	103.42	103.78	104.00	104.36
JPYINR (Sep)	56.56	56.62	56.74	56.80	56.92
JPYINR (Oct)	56.93	56.99	57.11	57.17	57.28

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.71	104.57	0.14%
US\$INR	82.92	83.03	-0.13%
EURUSD	1.0754	1.0750	0.04%
EURINR	88.92	89.10	-0.21%
GBPUSD	1.2490	1.2509	-0.15%
GBPINR	103.41	104.07	-0.63%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.228	7.245	-0.017
US	4.280	4.288	-0.0079
Germany	2.643	2.638	0.005
UK	4.416	4.472	-0.056
Japan	0.711	0.709	0.002

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
8/9/2023	8:00 PM	5.9M	2.1M
8/2/2023	8:00 PM	-17M	-0.9M
7/26/2023	8:00 PM	-0.6M	-2.20M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	135650	1125	0.84%
Aluminium	493875	-2000	-0.40%
Zinc	138400	-3375	-2.38%
Lead	53125	575	1.09%
Nickel	38280	0	0.00%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 11, 2023						
1:30 PM	China	New Loans	1360B	1275B	346B	Medium
Tuesday, September 12, 2023						
11:30 AM	UK	Claimant Count Change	0.9K	17.1K	29.0K	High
11:30 AM	UK	Average Earnings Index 3m/y	8.50%	8.20%	8.20%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-8.90	-15.00	-12.30	Medium
5:30 PM	India	Industrial Production	5.70%	4.1%	3.7%	Medium
5:30 PM	India	Inflation Rate	6.83%	6.8%	7.4%	High
Wednesday, September 13, 2023						
11:30 AM	UK	GDP m/m		-0.2%	0.5%	High
2:00 PM	Europe	Industrial Production m/m		-0.6%	1.8%	Medium
6:00 PM	US	CPI y/y		3.6%	3.2%	High
8:00 PM	US	Crude Oil Inventories		-	(-6.3)M	Medium
Thursday, September 14, 2023						
5:45 PM	Europe	Main Refinancing Rate		4.25%	4.25%	High
6:00 PM	US	PPI m/m		0.4%	0.3%	High
6:00 PM	US	Retail Sales m/m		0.2%	0.7%	High
6:00 PM	US	Unemployment Claims		225k	216k	High
6:15 PM	Europe	ECB Press Conference		-	-	High
Friday, September 15, 2023						
7:30 AM	China	Industrial Production y/y		3.9%	3.7%	High
7:30 AM	China	Retail Sales y/y		3.00%	2.50%	Medium
6:00 PM	US	Empire State Manufacturing Index		-9.50	-19.00	High
6:45 PM	US	Industrial Production m/m		0.20%	1.00%	High
7:30 PM	US	Prelim UoM Consumer Sentiment		69.20	69.50	High

Source: Bloomberg, Reuters, ICICI Direct Research



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