

November 30, 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
Crude Oil	December	Buy	6380-6400	6550	6320	Intraday
GBP/INR	December	Buy	105.70-105.72	106.05	105.50	Intraday

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## News and Developments

- Spot gold steadied near its 7-month high amidst weakness in the US treasury yields. The 10 year US treasury yields dipped below the 4.30 mark and the US 2 year treasury yields hit the lowest level in last four month amid increasing bets that the Federal reserve will cut the rates in first half of 2024.
- The dollar edged higher on Wednesday after the US GDP growth numbers revised higher for the last quarter. Last quarter preliminary GDP numbers improved to 5.2% against previous reading of 4.9%
- Fed comments were mixed for the dollar as Richmond Fed President Barkin said the Fed should keep the option to hike interest rates on the table in case inflation proves stubborn. Conversely, Cleveland Fed President Mester signaled to hold interest rates steady at the December FOMC meeting.
- Crude oil futures pared its earlier gains and settled just above the \$77 mark after the EIA data showed buildup in crude oil stocks. Crude oil inventories rose by 1.6M barrels last week and the gasoline stocks also increased by 1.76M barrels. Earlier prices rallied on anticipation that Saudi Arabia will push the OPEC+ members to extend the production cut to stabilize the markets. Further, prospects of easing monetary policy also strengthened its bullish bets
- Copper futures eased yesterday amid firm dollar and persistent worries about the weaker economic activities in China. Further, end of strike at the Las Bambas copper mine in Peru, after workers at the mine agreed to end the strike and return to work on Thursday, has weighed on the metal prices to trim all its earlier gains.
- NYMEX Natural gas futures steadied near its three-month lows amid forecast of mild weather across the US, which might lower heating demand over the next week. Higher production numbers and ample amount gas storage has checked its upside.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62808	0.14%	2044.24	0.16%
Silver	77274	0.36%	25.02	-0.02%
Copper	719.7	-0.33%	8415.50	-0.68%
Aluminium	202.5	-0.47%	2214.00	-0.14%
Zinc	224.7	-1.12%	2501.00	-1.44%
Lead	186.1	-0.43%	2147.00	-0.37%
WTI Crude Oil	6488	1.17%	77.86	1.90%
US Nat Gas	236.3	-2.76%	2.80	3.62%

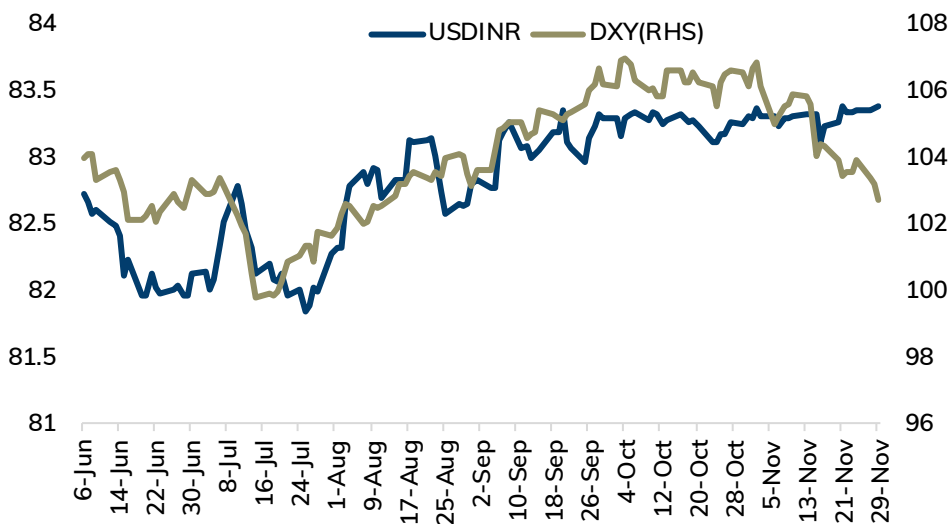
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.37	-0.03%	4526289	2152847	1425192	-950758
EURINR (27th Dec)	91.54	0.25%	230225	201086	206195	76257
GBPINR (27th Dec)	105.69	0.37%	253757	205949	249639	122704

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	December	Buy	720.5-721	728	716	Exit in Loss
USDINR	December	Sell	83.38-83.40	83.22	83.50	Exit in Profit

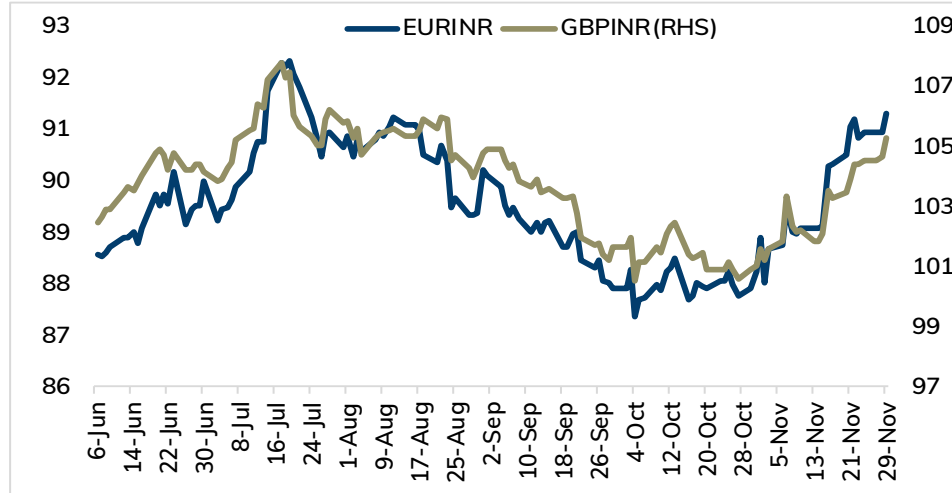
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated marginally yesterday amid soft dollar, rise in risk appetite in the domestic markets and FII inflows. Meanwhile, sharp gains was limited on month end dollar demand from importers. Additionally, investors remained cautious ahead of GDP data from US to get clues on interest rate outlook
- Rupee is likely to appreciate today amid expectation of further correction in dollar and US treasury yields ahead of crucial inflation report. US Core-PCE price index is forecasted to show that price pressure is ebbing, which would cement expectation of rate cut next year. US rates futures markets are now pricing in more than 100 bps of rate cuts next year starting in May. Meanwhile, investors will remain cautious ahead of OPEC+ meeting where production cuts are expected. USDINR may slip to 83.30 level as long as its stays below 83.45 levels

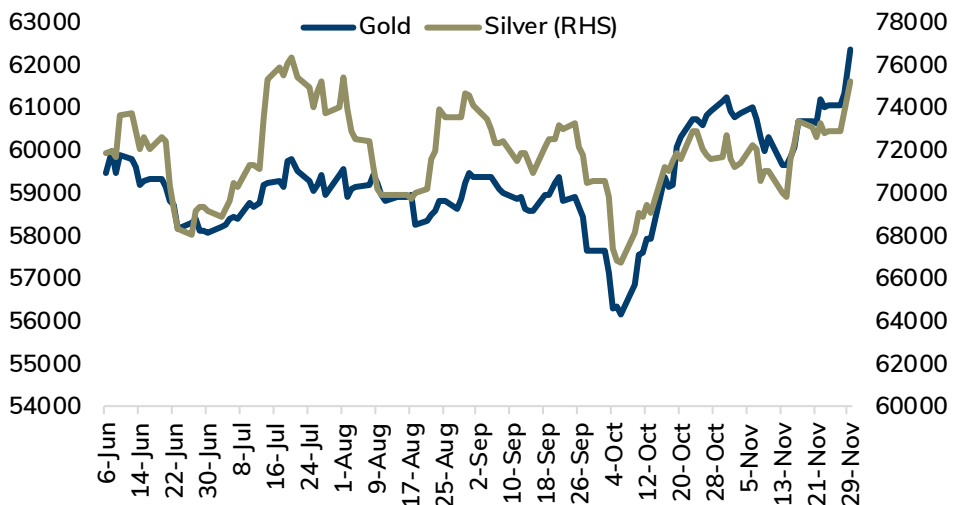
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro slipped by 0.21% yesterday amid recovery in dollar and as inflation data from Germany and Spain showed price growth slowed sharply in November. For today, EURUSD is likely to hold the support near 1.0930 levels and rise back towards 1.1020 levels amid weakness in dollar and hawkish comments from ECB officials. Meanwhile, investors will remain vigilant ahead of inflation data from euro zone to get clues on interest rate trajectory. EURINR may rally towards 91.80 as long as it trades above 91.40 levels
- Pound is likely to move north towards 1.2740 level amid weak dollar and hawkish comments from BOE policymaker. Meanwhile, sharp upside may be capped on risk aversion in the global markets. Market sentiments are hurt as Chinese manufacturing activity declined further in November, while growth in the non-manufacturing sector also deteriorated. GBPINR is likely to move higher towards 106.05 level as long as it stays above 105.50 levels

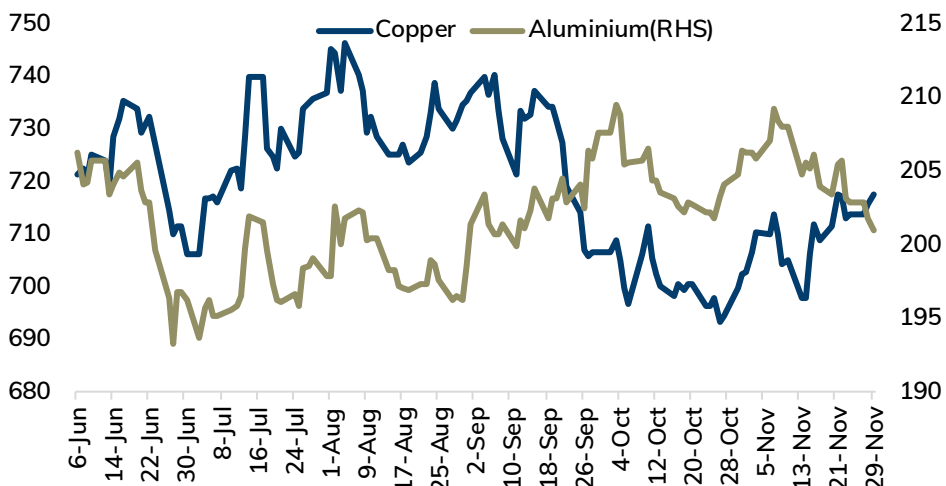
## MCX Gold vs. Silver



## Bullion Outlook

- Gold is likely to rise again towards \$2070, as long as it holds above the \$2030 mark. The expectation of softness in the US PCE price index data could raise the bets that the Federal Reserve would halt its rate hike regime and even go after the rate cuts in the first half of 2024. As per the CME Fed-Watch toll probability of rate cut in March has moved up to 48%, from previous day's reading of 34%. Further, expectation of weaker economic numbers would also support the bullions to trade higher.
- MCX gold February is expected to move higher towards 63,000, as long as it holds above 62,400. Only close below 62,400 it would correct towards 62,000.
- MCX Silver is likely to hold its gains above 76500 and rise towards 78,200. Only close below 76500 it would correct towards 75,800 mark.

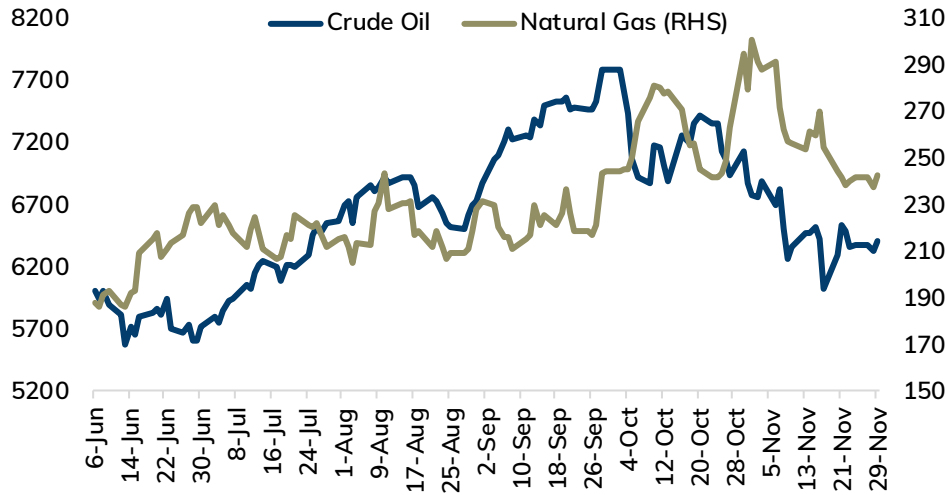
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to weaken further amid weakness in the manufacturing activity in the top metal consumer China. Contraction in the manufacturing activity in China would again raise the demand concerns and weigh on the metals. The Chinese manufacturing PMI remained below the 50 mark for the second month in a row. Meanwhile, sharp downside in the metals could be limited amid prospects of fresh round of stimulus from China.
- MCX Copper December is likely to face the hurdle near 724 and move south towards 715.
- MCX Aluminium December is expected to weaken towards 201, as long as it trades below 204.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil prices are expected to find support near \$76 and move higher towards the \$78.80 amid growing speculation of additional output cuts from OPEC. Saudi Arabia has been urging other members to reduce production quotas to stabilize markets. Further, increasing prospects of easing monetary policy from the Federal Reserve would also support the oil prices to trade higher. Meanwhile, key focus will remain on the outcome of today's OPEC+ decision on the production quota.
- MCX Crude oil is likely to find support near 6330 and move towards 6550. Only a move above 6550 would open the doors towards 6650.
- MCX Natural gas December futures is expected to face the hurdle near 242 and move lower towards 230 amid mild weather forecast and higher buildup in inventory levels.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62364	62586	62760	62982	63156
Silver	76384	76829	77277	77722	78170
Copper	715.4	717.5	720.7	722.8	726.0
Aluminium	201.9	202.2	202.7	203.0	203.6
Zinc	222.3	223.5	225.5	226.7	228.6
Lead	185.0	185.5	186.2	186.7	187.4
Crude Oil	6257	6372	6439	6554	6621
Nat Gas	226	231	236	241	246

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.29	83.33	83.35	83.40	83.42
US\$INR (Jan)	83.37	83.40	83.43	83.46	83.48
EURINR (Dec)	91.33	91.44	91.61	91.71	91.89
EURINR (Jan)	90.61	91.17	91.55	92.11	92.49
GBPINR (Dec)	105.39	105.54	105.76	105.91	106.14
GBPINR (Jan)	105.20	105.48	105.77	106.05	106.34
JPYINR (Dec)	56.51	56.62	56.80	56.91	57.09
JPYINR (Jan)	56.87	56.98	57.15	57.26	57.44

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.77	102.75	0.02%
US\$INR	83.33	83.34	-0.02%
EURUSD	1.0969	1.0993	-0.22%
EURINR	91.45	91.28	0.18%
GBPUSD	1.2695	1.2694	0.01%
GBPINR	105.66	105.25	0.40%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.251	7.277	-0.026
US	4.255	4.321	-0.0655
Germany	2.432	2.497	-0.065
UK	4.096	4.174	-0.078
Japan	0.672	0.758	-0.086

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/29/2023	8:00 PM	1.6M	-0.1M
11/22/2023	8:00 PM	8.7M	0.9M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	174950	-1450	-0.82%
Aluminium	464375	-3500	-0.75%
Zinc	226800	17025	8.12%
Lead	144450	5975	4.31%
Nickel	45468	594	1.32%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 27, 2023						
8:30 PM	US	New Home Sales	679K	724K	759K	Medium
Tuesday, November 28, 2023						
12:30 PM	Europe	German GfK Consumer Climate	-27.8	-28.2	-28.1	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	3.90%	4.20%	2.20%	Medium
8:30 PM	US	CB Consumer Confidence	102	101	102.6	High
8:30 PM	US	Richmond Manufacturing Index	-5	1	3	Medium
Wednesday, November 29, 2023						
7:00 PM	US	Prelim GDP q/q	5.20%	5.0%	4.90%	High
8:35 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
9:00 PM	US	Crude Oil Inventories	1.6M	-0.1M	8.7M	Medium
Thursday, November 30, 2023						
7:00 AM	China	Manufacturing PMI	49.4	49.6	49.5	High
7:00 AM	China	Non-Manufacturing PMI	50.2	51.1	50.6	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	2.70%	2.90%	High
5:30 PM	India	GDP YoY	-	6.90%	7.80%	High
All Day	All	OPEC-JMMC Meetings	-	-	-	High
7:00 PM	US	Core PCE Price Index m/m	-	0.20%	0.30%	High
7:00 PM	US	Unemployment Claims	-	219K	209K	High
8:30 PM	US	Pending Home Sales m/m	-	-0.90%	1.10%	Medium
Friday, December 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	-	49.3	49.5	High
8:30 PM	US	ISM Manufacturing PMI	-	47.7	46.7	High
9:30 PM	US	Fed Chair Powell Speaks	-	-	-	High

Source: Bloomberg, Reuters, ICICI Direct Research



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