

November 9, 2023

## Daily Currency & Commodities Outlook

### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Sell	707.50-708	700	712	Intraday
EURINR	November	Buy	89.00-89.02	89.40	88.80	Intraday

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## News and Developments

- Spot gold prices edged lower for third consecutive session amid rise in short term treasury yields. Further, investors looked for fresh cues on the U.S. central bank's interest rate stance. Meanwhile, a bunch of Federal Reserve officials have maintained a balanced tone on central bank's next decision, but noted they would focus on more economic data and impact of higher long-term bond yields
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 92.9% from 90.2% a day ago while, prospects of first rate cut by 25bps in June 2024 meeting increased to 42.8% from 41.6% a day ago
- Yield on benchmark US 10-year treasury note decline to 4.495% and 2-year treasury yield, which typically moves in step with interest rate expectations edged up to 4.936%. Yields on long term maturity fell as 10-yr note auction came in modestly better than expected. Further, yields slipped on rising confidence that the Federal Reserve is done with its interest rate hiking cycle
- Crude oil prices slipped by 2% yesterday amid rising concerns over fading demand in US and China. Fresh data from China has raised the concern over economic recovery. Further, declining retail sales in Euro zone has also highlighted weak consumer demand and the prospect of recession. Moreover, as per API figures US crude oil stocks rose by almost 12 million barrels last week, biggest build since February.
- Copper prices slipped amid weak global market sentiments and as recent data from China suggested that economic recovery in the world biggest consumer is losing momentum.
- Zinc prices rallied on the back of supply concerns after a fire hit a large Russian mine operation in the wake of recent mine suspensions

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60009	-0.56%	1950.20	-0.98%
Silver	71050	0.59%	22.56	-0.33%
Copper	704.0	-0.83%	8142.00	-0.54%
Aluminium	208.0	-0.22%	2263.50	-0.07%
Zinc	228.5	0.75%	2610.00	1.64%
Lead	187.3	0.05%	2190.50	0.09%
WTI Crude Oil	6274	-3.58%	75.33	-2.64%
US Nat Gas	257.2	-2.02%	3.11	-1.08%

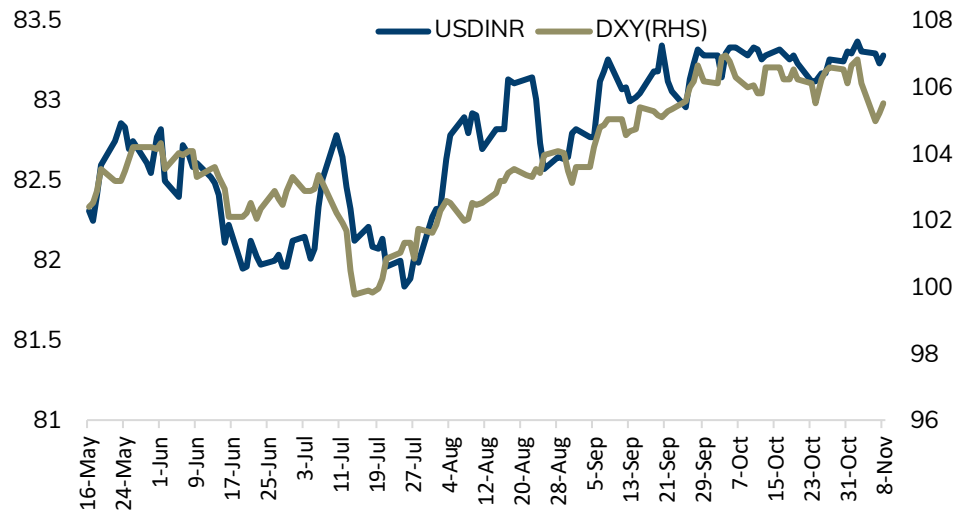
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.30	0.01%	5552182	29227	1029191	87445
EURINR (27th oct)	88.97	-0.05%	121894	598	136562	-30047
GBPINR (27th Oct)	102.17	-0.21%	162508	-1641	175183	-169871

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	December	Sell	60480-60500	60100	60700	Not Initiated
GBPINR	November	Sell	102.50-102.52	102.05	102.70	Not Initiated

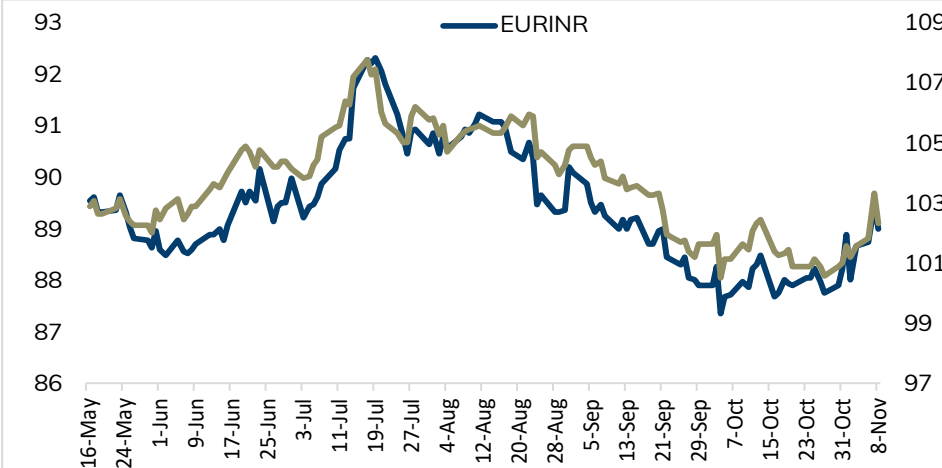
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee remained in a tight range and settled near the 83.27 on Wednesday. The correction in crude oil prices helped the rupee to recoup its earlier losses, where as strong US dollar demand from local importers restricted its appreciation.
- Rupee is expected to appreciate amid softness in dollar and decline in US treasury yields. Further, increasing probability of Fed pause in its rate hike regime would restrict the upside in the dollar. USDINR is likely to consolidate in between 83.10-83.40 in the near term. Only a move below 83.10 it would open the doors towards 82.90. Similarly above 83.40 it would rise towards 83.50.

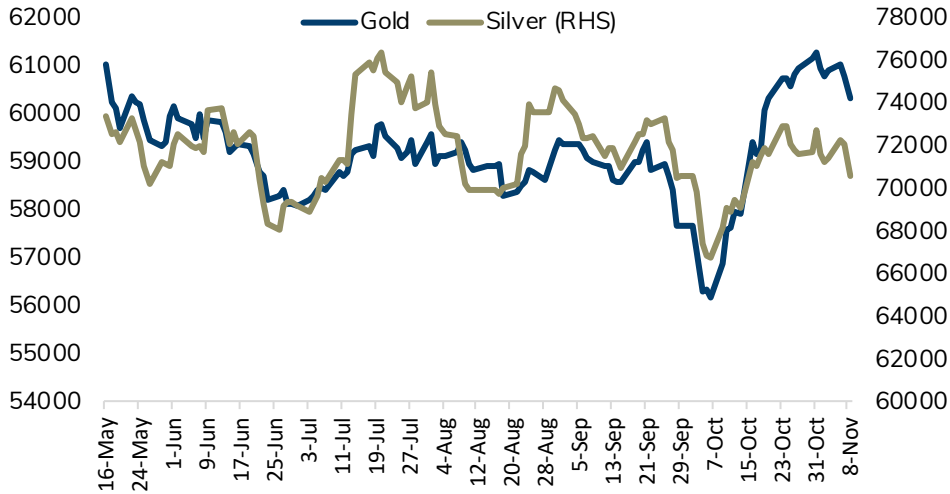
## EURINR vs. GBPINR



## Euro and Pound Outlook

- The Euro recovered from early losses on Wednesday after the hawkish comments from the ECB members. The expectation of higher inflation in the Euro zone may force the ECB to hold the rates higher. The pair is likely to find support near 1.0650 and move towards 1.0750. EURINR is likely to hold the support at 88.80 and bounce back towards 89.50.
- Pound recovered its earlier losses, amid retreat in the dollar. The pair is expected to find the floor near 1.2230 and move towards 1.2320 on improved risk sentiments and softness in the dollar. GBPINR is expected to hold the support near 101.90 and bounce back towards 102.40. Only close below 101.90 would weaken further towards 101.50.

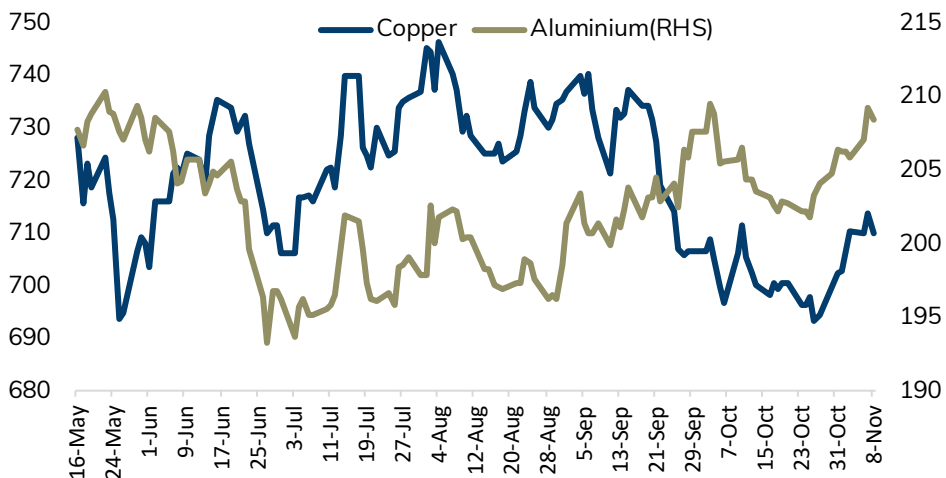
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to hold the support near \$1942 levels and rise back towards \$1970 level amid soft dollar and decline in US treasury yields. Yield's are moving south on rising confidence that US Fed is done with its rate hike campaign. Additionally, demand for safe haven may increase on rising conflict in Middle East. Meanwhile, investors will remain vigilant ahead of US Fed Chair Powell speech to get more cues on interest rate trajectory
- MCX Gold prices is likely to move north towards 60,300 level as long as it trades above the support level of 59,800 levels
- MCX Silver is expected to rise back towards 72,000 level as long as it sustains above 70,500 level.

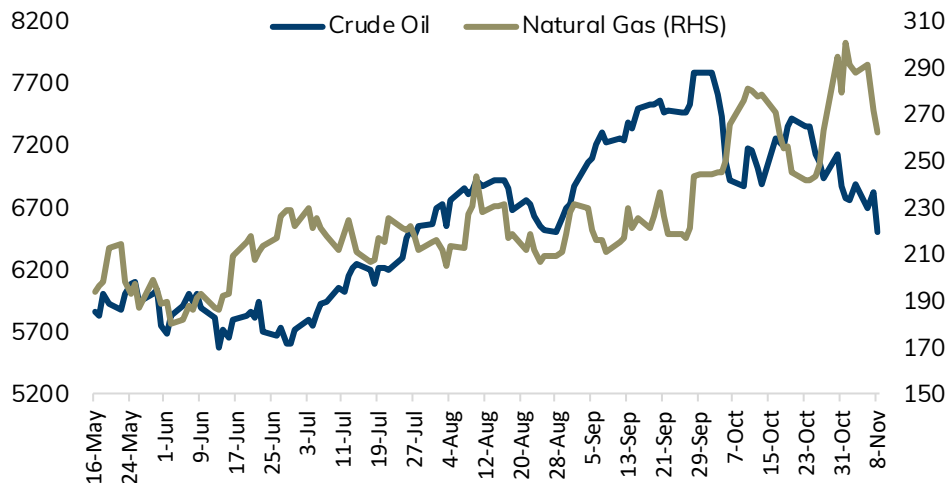
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid weak global market sentiments. Further, prices may slip as disappointing economic data from China points uneven recovery and China's property sector has yet to emerge from a deep slump. CPI and PPI data showed persistent deflationary pressures in the world's second largest economy.
- MCX Copper is likely to dive towards 698 level, as long as it stays below 712 level. A move below 698 would open the doors towards 695 levels.
- MCX aluminium is expected to slip further towards 206.50 level as long as it stays below 208.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

NYMEX Crude oil is expected to slip further towards \$74.0 as long as it trades below \$77 amid fragile global market sentiments and concern over slowdown in global crude demand following disappointing economic data from major economies. Additionally, fresh economic data from China signaled that economy is losing momentum, feeding worries about the energy demand outlook. Further, prices may slip on waning concerns over supply disruptions from the Hamas-Israel war. US EIA has delayed release of weekly oil inventory data, until Nov 15 to complete a systems upgrade. MCX Crude oil is likely to slip further towards 6120 levels as long as it trades below 6420 levels.

- MCX Natural gas is expected to dive towards 248 level as long as it trades below 265 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59638	59823	60136	60321	60634
Silver	69612	70331	70864	71583	72116
Copper	697.2	700.6	706.8	710.2	716.3
Aluminium	207.0	207.5	208.2	208.7	209.4
Zinc	225.1	226.8	228.4	230.1	231.8
Lead	186.3	186.8	187.1	187.6	188.0
Crude Oil	6121	6198	6339	6416	6557
Nat Gas	250	254	260	263	269

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.23	83.27	83.29	83.32	83.34
US\$INR (Nov)	83.30	83.34	83.37	83.40	83.43
EURINR (Oct)	88.68	88.82	89.01	89.15	89.34
EURINR (Nov)	88.91	89.03	89.17	89.29	89.43
GBPINR (Oct)	101.82	102.00	102.17	102.35	102.52
GBPINR (Nov)	101.94	102.10	102.27	102.43	102.60
JPYINR (Oct)	55.37	55.43	55.53	55.58	55.68
JPYINR (Nov)	55.70	55.76	55.85	55.91	56.00

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.59	105.54	0.05%
US\$INR	83.28	83.27	0.01%
EURUSD	1.0709	1.0700	0.08%
EURINR	88.82	88.95	-0.15%
GBPUSD	1.2285	1.2300	-0.12%
GBPINR	102.00	102.46	-0.45%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.271	7.280	-0.009
US	4.493	4.567	-0.074
Germany	2.617	2.658	-0.041
UK	4.240	4.270	-0.03
Japan	0.857	0.884	-0.027

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
9/20/2023	8:00 PM	-2.1M	-1.3M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	178125	-625	-0.35%
Aluminium	461600	-2500	-0.54%
Zinc	74250	-1675	-2.21%
Lead	133050	1700	1.29%
Nickel	40674	582	1.45%

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	47.80	Medium
Tuesday, November 07, 2023						
12:30 PM	Europe	German Industrial Production m/m	-1.4%	-0.1%	-0.2%	Medium
7:00 PM	US	Trade Balance	(-61.5)B	(-60.2)B	(-58.3)B	Medium
Wednesday, November 08, 2023						
3:30 PM	Europe	Retail Sales m/m	-0.30%	-0.2%	-1.2%	Medium
7:45 PM	US	Fed Chair Powell Speaks	-	-	-	High
Thursday, November 09, 2023						
7:00 AM	China	CPI y/y	-0.20%	-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		4.2%	10.3%	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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