

November 8, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	December	Sell	60480-60500	60100	60700	Intraday
GBPINR	November	Sell	102.50-102.52	102.05	102.70	Intraday

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News and Developments

- Spot gold prices edged lower yesterday amid firm dollar. Further, investors focus turned towards US Federal Reserve policymakers speeches to get cues on interest rate trajectory
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting stood at 90.2% while, prospects of first rate cut by 25bps in May 2024 meeting increased to 43.6% from 41.9% a day ago
- Yield on benchmark US 10-year treasury note decline to 4.571% and 2-year treasury yield, which typically moves in step with interest rate expectations edged up to 4.920%. Yields fell as several Fed policymakers were more balanced in their comments on inflation and the likely path of interest rates, suggesting that the central bank could be near the end of its tightening cycle.
- Crude oil prices slipped more than 4% yesterday amid strong dollar and mixed set of economic data from China. China's exports dropped 6.4% YoY in October, while imports rose 3.0% on the year last month, reinforcing fears that falling exports emphasize the economic headwinds
- Copper prices retreated amid firm dollar and as Chinese trade data suggested that economic recovery in the world biggest consumer is losing momentum. China's imports grew unexpectedly in October while exports contracted at a quicker pace, highlighting the challenges the economy faces at home and abroad. While, China's October imports of unwrought copper and copper ores both rose from a year ago

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60347	-0.70%	1969.45	-0.44%
Silver	70634	-2.06%	22.64	-1.70%
Copper	709.9	-0.53%	8186.50	-0.63%
Aluminium	208.4	-0.38%	2265.00	-0.98%
Zinc	226.8	0.11%	2568.00	-0.19%
Lead	187.2	0.03%	2188.50	0.37%
WTI Crude Oil	6507	-4.67%	77.37	-4.27%
US Nat Gas	262.5	-3.49%	3.14	-3.80%

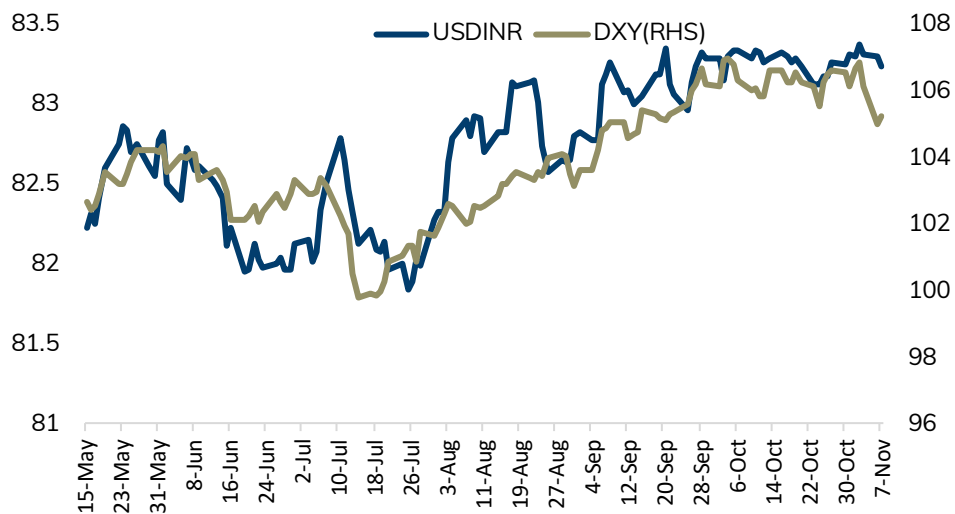
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.29	0.07%	5522955	-48565	941746	-337887
EURINR (27th oct)	89.02	-0.55%	121296	-14573	166609	-24486
GBPINR (27th Oct)	102.38	-0.93%	164149	-39109	345054	31057

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Buy	710.50-711	718	707	Stop Loss Triggered
EURINR	November	Sell	89.40-89.41	89.10	89.60	Not Initiated

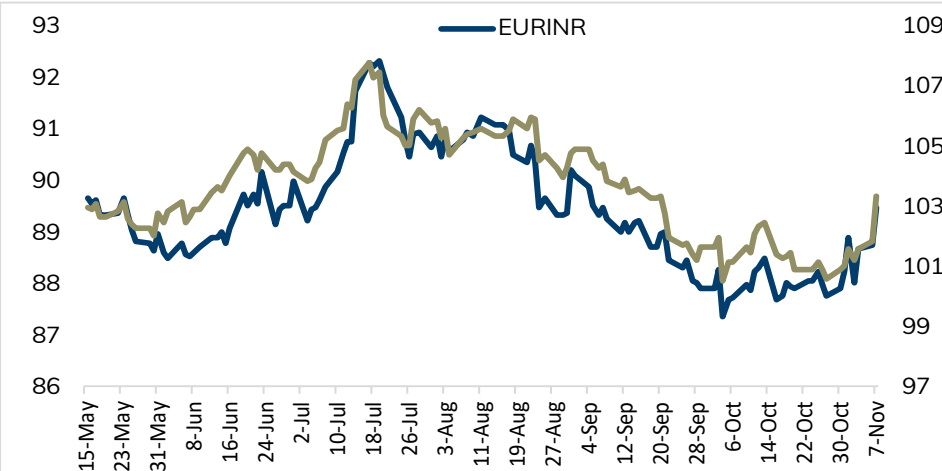
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Tuesday, amid recovery in the dollar index. The US dollar index gained by 0.31% after comments from several Fed members' dampened the speculation that the Fed was finished tightening monetary policy.
- Rupee is expected to move in tight range as weaker crude oil prices and decline in US treasury yields would overshadow the balanced comments from the Fed members. Meanwhile, investors will remain cautious ahead of Fed Chair Powell's speech today. 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.

EURINR vs. GBPINR



Euro and Pound Outlook

- The Euro edged below the 1.07 level amid recovery in the dollar along with the weaker German Industrial production numbers. The pair is likely to face the hurdle near 1.0730 and weaken towards 1.0650 on expectation of weaker retail sales numbers from Eurozone. EURINR is likely to dip towards 88.80, as long as it trades under rise towards 89.40.
- Pound lost more than 0.25% on Tuesday amid strong dollar. However, improved housing data limited the downside in the pair. The pair is expected to move towards 1.2225 as long as it trades under 1.2350. Meanwhile, investors will remain cautious ahead of the BOE Gov. Bailey's speech. GBPINR is expected to slide towards 102.00 as long as it trades under 102.80 levels.

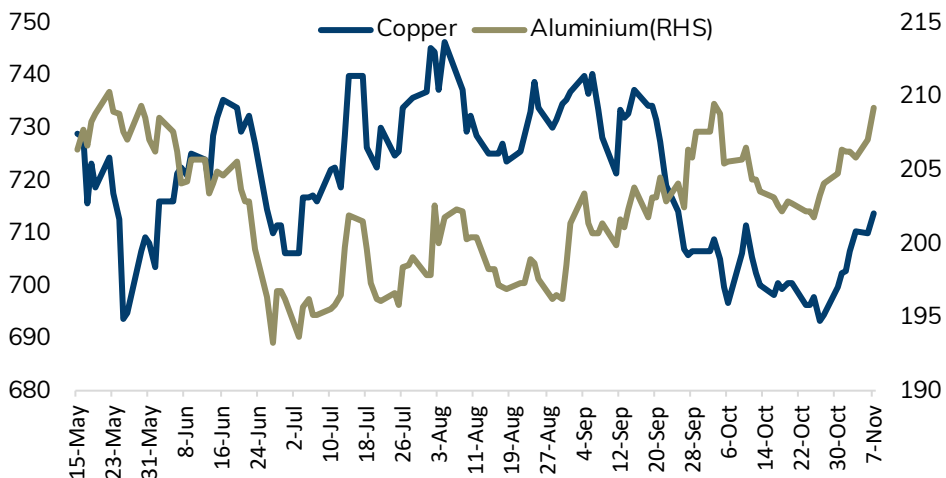
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely face the hurdle near \$1980 levels and slip further towards \$1960 level amid firm dollar. Further, investors will remain cautious ahead of comments from US Fed Chair Powell to get more clarity on interest rate outlook. Meanwhile, demand for safe haven may increase as investors are concerned that rising tension between Hamas and Israel may escalate into wider conflict in Middle East
- MCX Gold prices is likely to move south towards 60,000 level as long as it trades below the resistance level of 60,600 levels
- MCX Silver is expected to slip further till 69,750 level as long as it sustains below 71,300 level.

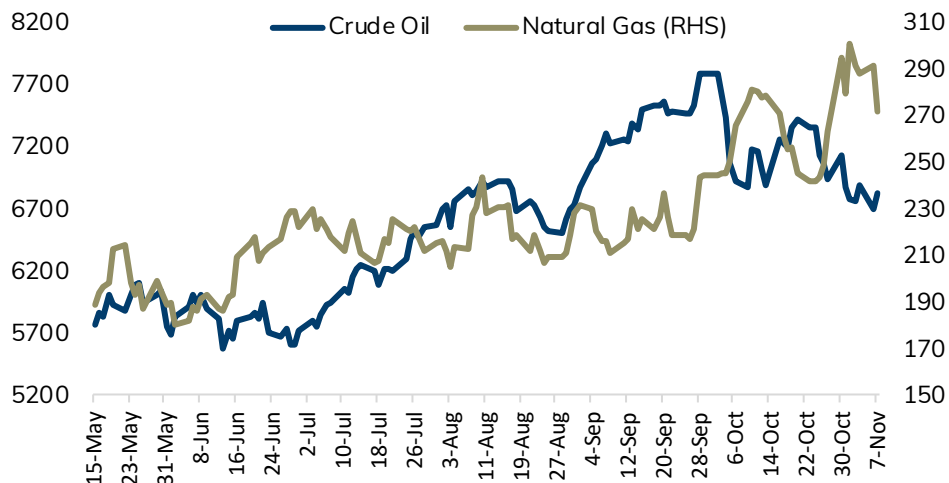
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid firm dollar and broader risk-off tone across markets. However, sharp downside may be cushioned on optimism that China will accelerate the issuance and use of government bonds to support economic growth.
- MCX Copper is likely to dive towards 704 level, as long as it stays below 714 level. A move below 704 would open the doors towards 698 levels.
- MCX aluminium is expected to rise further towards 210.0 level as long as it stays above 207.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

NYMEX Crude oil is expected to slip further towards \$75.50 as long as it trades below \$78 amid firm dollar and steep build up in US Crude supplies. As per API figures US crude oil stockpiles rose by almost 12 million barrels last week. Further, mixed economic data from China raised worries about demand or crude. Additionally, EIA now expects total petroleum consumption in the country to fall by 300,000 bpd this year, reversing its earlier forecast of a 100,000 bpd increase. Meanwhile, investors fear over supply disruption amid escalating tensions in Middle East.

- MCX Crude oil is likely to slip further towards 6350 levels as long as it trades below 6650 levels.
- MCX Natural gas is expected to dive towards 255 level as long as it trades below 270 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59915	60131	60367	60583	60819
Silver	69622	70128	71064	71570	72506
Copper	704.1	707.0	709.5	712.4	714.8
Aluminium	206.6	207.5	208.2	209.1	209.8
Zinc	224.4	225.6	226.3	227.5	228.2
Lead	186.2	186.7	187.0	187.5	187.8
Crude Oil	6321	6414	6572	6665	6823
Nat Gas	251	257	266	272	281

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.22	83.26	83.28	83.31	83.33
US\$INR (Nov)	83.32	83.35	83.36	83.38	83.39
EURINR (Oct)	88.74	88.88	89.12	89.26	89.51
EURINR (Nov)	88.99	89.10	89.28	89.39	89.57
GBPINR (Oct)	101.99	102.19	102.53	102.72	103.06
GBPINR (Nov)	102.13	102.30	102.60	102.77	103.07
JPYINR (Oct)	55.46	55.54	55.65	55.74	55.85
JPYINR (Nov)	55.81	55.89	55.99	56.07	56.18

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.54	105.22	0.31%
US\$INR	83.27	83.22	0.06%
EURUSD	1.0700	1.0718	-0.17%
EURINR	88.95	89.43	-0.53%
GBPUSD	1.2300	1.2344	-0.36%
GBPINR	102.46	103.17	-0.69%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.280	7.307	-0.027
US	4.567	4.643	-0.0766
Germany	2.658	2.739	-0.081
UK	4.270	4.377	-0.107
Japan	0.884	0.883	0.001

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	178750	-1500	-0.83%
Aluminium	464100	-2600	-0.56%
Zinc	75925	-800	-1.04%
Lead	131350	1475	1.14%
Nickel	40092	-810	-1.98%

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		-0.2%	-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%	0.00%	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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