

November 15, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	November	Sell	262-263	253	268	Intraday
Eur/r	November	Buy	90.18-90.20	90.50	90.00	Intraday

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## News and Developments

- Spot gold prices surged by almost 1% yesterday amid weak dollar and decline in US treasury yields across curve. Dollar and Yields slipped after softer than expected US inflation data fueled bets that Fed may be done with hiking interest rates
- US consumer prices were unchanged in October and underlying inflation showed signs of slowing. In the 12 months through October, the CPI climbed 3.2% after rising 3.7% in September.
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increase to 94.5% from 85.5% a day ago while, prospects of rate cut by 25bps in May 2024 meeting increase to 48.5% from 30.6% a day ago
- Yield on benchmark US 10-year treasury note slipped to 4.451% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.838%. Yields slipped after US CPI data showed underlying inflation slowing down, supporting views that Fed is done with rate hiking campaign and as the market braced for rate cuts by the first half of next year
- Crude oil prices gave up its early gains as market is uncertain as to what US oil storage reports would show. The US EIA will release its first oil inventory report in two weeks on Wednesday. EIA did not release a storage report last week due to a systems upgrade. Meanwhile, further downside was cushioned on weak dollar and as IEA raised its oil demand growth forecasts for this year and next
- Copper prices rose yesterday amid weakness in dollar, outlook of higher demand and lower inventories. Additionally, prices moved up on reports that China will provide at least 1 trillion yuan (\$137.2 billion) of low-cost financing to the nation's urban village renovation and affordable housing programmes

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60066	0.37%	1964.29	0.89%
Silver	71590	2.48%	23.09	3.43%
Copper	708.4	0.31%	8235.00	0.83%
Aluminium	205.1	-0.36%	2231.00	0.34%
Zinc	229.6	1.12%	2600.50	1.86%
Lead	187.7	0.62%	2201.50	1.45%
WTI Crude Oil	6518	0.09%	78.26	0.00%
US Nat Gas	260.0	-0.88%	3.11	-2.85%

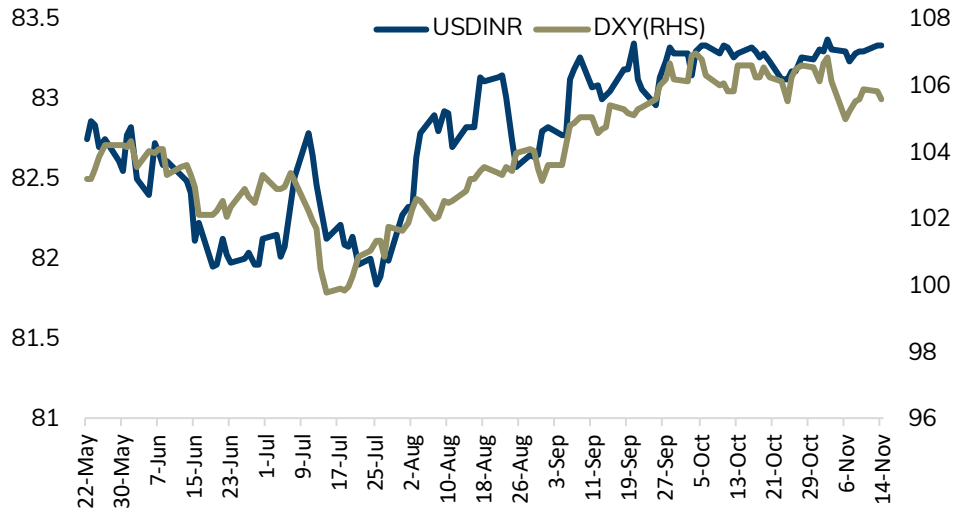
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.32	-0.02%	5651826	23863	817579	-3492559
EURINR (27th oct)	89.13	0.04%	119796	1092	126099	-31179
GBPINR (27th Oct)	102.08	0.22%	164206	1838	141097	-83485

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	December	Buy	59690-59700	60000	59500	Profit Booked
Eurinr	November	Buy	89.00-89.02	89.40	88.80	Not Initiated

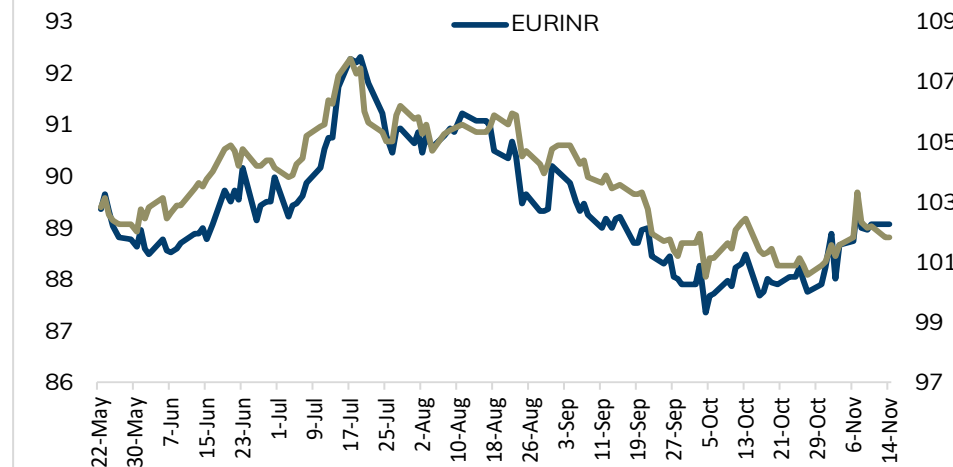
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee hovered near the 83.30 mark on Monday, as traders remained cautious ahead of the key CPI numbers from US. Rupee settled near 83.33 as likely intervention from RBI checked its downside
- Rupee is expected to appreciate amid correction in the dollar. The cooling US CPI numbers has increased the probability that the Fed has done with the rate hike cycle. The CME fed-watch tool suggests more than 94% probability of Fed pause in its next meeting. Meanwhile, investor will eye on key PPI and retail sales numbers from US today. USDINR is likely to hit 83.00 mark. Only move below 83.00 it would open the doors towards 82.80.

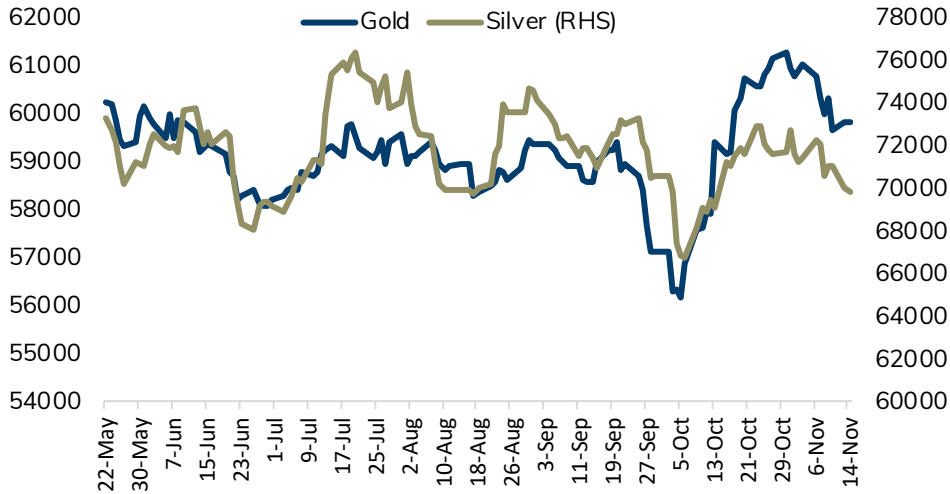
## EURINR vs. GBPINR



## Euro and Pound Outlook

- The Euro rallied to its 2-month highs on Tuesday amid correction in the dollar. Also, stronger than expected German investor confidence data pushed the pair beyond 1.0850. The pair is likely to find support near 1.0820 and move higher towards 1.0920 amid softness in the dollar. However, weaker industrial production numbers could restrict the upside in the pair. EURINR is likely to move towards 90.80 as long as remained above 89.80.
- Pound hit the 1.25 mark on Tuesday amid correction in the dollar. Further, better than expected jobs data has strengthened the pair. The pair is expected to rise towards 1.2540 as long as it holds above 1.2420. GBPINR is expected to hold 103 and move higher towards 104. Only close above 104 it would open the doors towards 104.50.

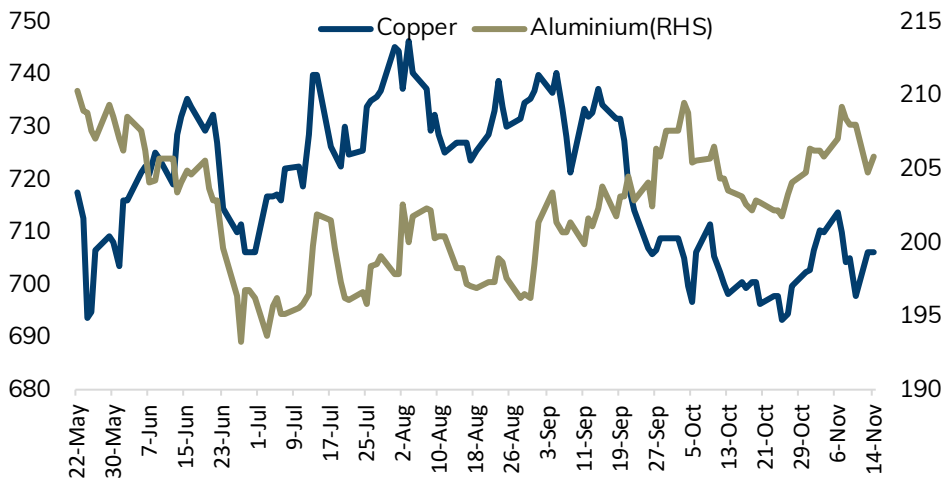
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to rise further towards \$1985 level as long as it sustains above \$1950 levels amid weakness in dollar and decline in US treasury yields across curve. Yields took a nosedive after recent data from US signaled that economy is feeling the heat of the aggressive rate hikes, suggesting Fed may be done with its monetary tightening. Moreover, prices may rally on expectation of disappointing economic data from US. Additionally, demand for safe haven may increase on escalating tension in Middle East.
- MCX Gold prices is likely to move north towards 60,500 level as long as it trades above the support level of 59,750 levels
- MCX Silver is expected to rise back towards 72,500 level as long as it sustains above 70,700 level.

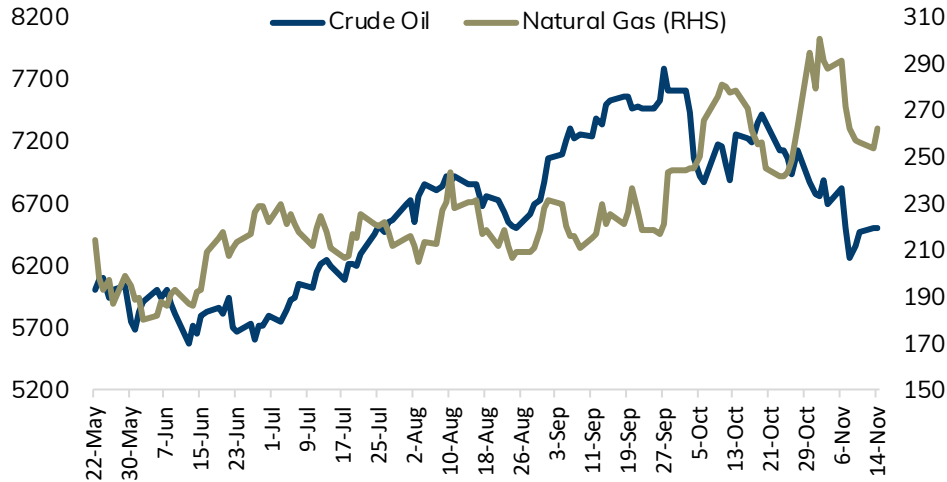
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with positive bias as dollar is losing its steam after weaker than expected economic data from US reinforced bets that US Fed is done with its hiking interest rates. Further, prices may shoot up on optimism over demand outlook from China and lower copper stockpiles. Moreover, China is likely to widened its budget deficit by at least 1 trillion yuan in manufacturing and infrastructure development
- MCX Copper is likely to rise towards 715 level, as long as it stays above 705 level. A move above 715 would open the doors towards 718 levels.
- MCX aluminium is expected to move up towards 207.0 level as long as it stays above 204.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$79.50 as long as it trades above \$77.0 on weak dollar and on fears over supply disruption due to rising conflict in Middle east. Further, IEA raised its demand growth forecast for this year and next, while A day earlier OPEC also boosted its forecast for 2023 global oil demand growth and stuck to its relatively high projection for 2024.
- MCX Crude oil is likely to rise further towards 6600 levels as long as it trades above 6350 levels.
- MCX Natural gas is expected to slip towards 253 level as long as it trades below 268 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59451	59758	60044	60351	60637
Silver	69030	70310	71069	72349	73108
Copper	701.7	705.0	708.5	711.9	715.4
Aluminium	203.9	204.5	205.4	206.0	207.0
Zinc	225.0	227.3	228.8	231.1	232.5
Lead	185.0	186.3	187.0	188.3	189.0
Crude Oil	6402	6460	6538	6596	6674
Nat Gas	254	257	263	266	271

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.27	83.29	83.32	83.34	83.37
US\$INR (Nov)	83.32	83.35	83.37	83.40	83.42
EURINR (Oct)	88.94	89.04	89.12	89.22	89.30
EURINR (Nov)	89.10	89.19	89.28	89.36	89.45
GBPINR (Oct)	101.73	101.90	102.01	102.18	102.29
GBPINR (Nov)	101.81	101.98	102.09	102.26	102.37
JPYINR (Oct)	54.97	55.04	55.10	55.16	55.22
JPYINR (Nov)	55.30	55.36	55.43	55.49	55.56

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.05	105.63	-1.49%
US\$INR	83.33	83.34	-0.02%
EURUSD	1.0879	1.0698	1.69%
EURINR	89.07	89.01	0.07%
GBPUSD	1.2499	1.2279	1.79%
GBPINR	102.02	101.83	0.19%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.281	7.299	-0.018
US	4.447	4.640	-0.1926
Germany	2.600	2.713	-0.113
UK	4.152	4.314	-0.162
Japan	0.862	0.871	-0.009

## 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	180000	2775	1.57%
Aluminium	481750	22650	4.93%
Zinc	70150	-2325	-3.21%
Lead	133900	850	0.64%
Nickel	42534	1860	4.57%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 13, 2023						
5:30 PM	IND	Inflation Rate YoY	4.87%	5.20%	5.02%	High
Tuesday, November 14, 2023						
12:30 PM	UK	Claimant Count Change	17.8K	15.0K	20.4K	High
12:30 PM	UK	Average Earnings Index 3m/y	7.9%	7.4%	8.1%	Medium
3:30 PM	Europe	Flash GDP q/q	-0.1%	-0.1%	-0.1%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	9.8	4.9	-1	Medium
7:00 PM	US	CPI y/y	3.2%	3.3%	3.7%	High
Wednesday, November 15, 2023						
7:30 AM	China	Industrial Production y/y	4.60%	4.5%	4.5%	High
7:30 AM	China	Retail Sales y/y	7.6%	7.1%	5.5%	Medium
12:30 PM	UK	CPI y/y		-	6.70%	High
3:30 PM	Europe	Industrial Production m/m		-	0.60%	Medium
7:00 PM	US	Retail Sales m/m		-	0.7%	High
7:00 PM	US	PPI m/m			0.5%	High
7:00 PM	US	Empire State Manufacturing Index			-4.60	High
9:00 PM	US	Crude oil Inventories		-	-	Medium
Thursday, November 16, 2023						
2:00 PM	UK	Unemployment Claims		-	217k	Medium
7:00 PM	US	Philly Fed Manufacturing Index		-	-9	Medium
7:45 PM	US	Industrial Production m/m		-	0.3%	Medium
Friday, November 17, 2023						
12:30 PM	UK	Retail Sales m/m		-	-0.9%	High
3:30 PM	Europe	Final CPI y/y		-	2.9%	Medium
7:00 PM	US	Building Permits		-	1.47M	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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