

November 3, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Buy	708.50-709	715	705	Intraday
USDINR	November	Sell	83.32-83.33	83.15	83.40	Intraday

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## News and Developments

- Spot gold prices edged higher amid soft dollar and decline in US 10-year treasury yields. Dollar slipped on bets that Federal Reserve is done raising interest rates. Further, data showed US weekly jobless claims rose moderately as the labor market continued to show few signs of slowdown
- Initial claims for state unemployment benefits rose 5,000 to a seasonally adjusted 217,000 for the week ended 28<sup>th</sup> October. The number of people receiving benefits after an initial week of aid, advanced 35,000 to 1.818 million during the week ending October 21, highest level for continuing claims since mid-April.
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting increased to 80.4% from 79.5% a day ago while, prospects for increase by 25bps in December meeting stood at 19.6%
- Yield on benchmark US 10-year treasury note decline to 4.661% and 2-year treasury yield, which typically moves in step with interest rate expectations edged up to 4.991%. Yields extended their fall after data showed number of people filling for jobless claims increased moderately
- Crude oil prices rallied on soft dollar and as risk appetite returned to markets after major central banks kept benchmark interest rates on hold. Further, investors were watching for developments in the Middle East, as wider conflicts could disrupt supplies around region
- Copper prices ended on positive note amid weak dollar and rise in risk appetite in the global markets. Further, prices rallied on decline in copper stockpiles at LME registered warehouses. Meanwhile, sharp upside was capped as China's and US factory activity contracted in October
- The Bank of England joined other major central banks in holding rates steady and stressed that it did not expect to start cutting them any time soon

Source: Bloomberg, Reuters, ICICI Direct Research

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60890	0.17%	1985.78	0.16%
Silver	71400	0.14%	22.77	-0.80%
Copper	714.1	0.45%	8143.00	0.41%
Aluminium	207.3	-0.36%	2227.50	-0.40%
Zinc	223.0	-0.27%	2478.00	-0.88%
Lead	186.7	0.27%	2123.00	0.90%
WTI Crude Oil	6876	1.78%	82.46	2.51%
US Nat Gas	288.8	-0.89%	3.47	-0.63%

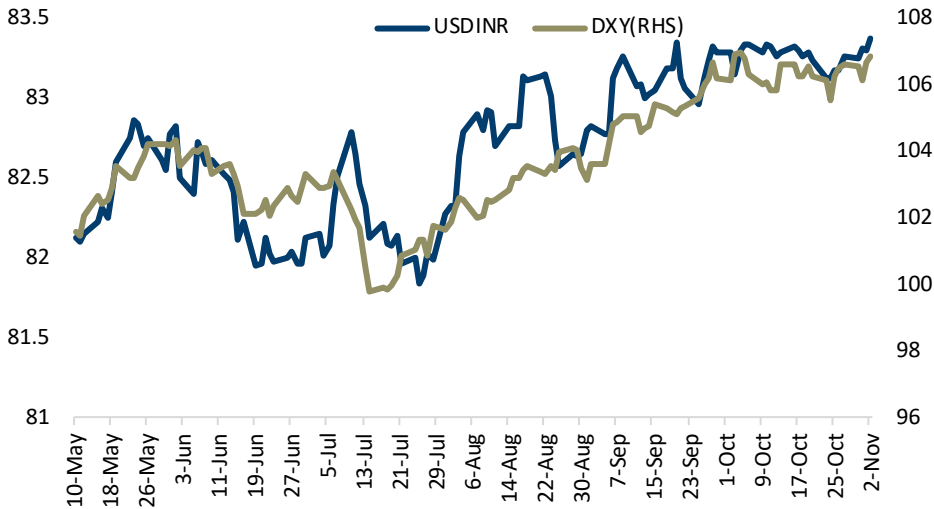
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.31	-0.07%	5534525	40587	1443332	-174502
EURINR (27th oct)	88.67	0.73%	130024	2911	241865	-4745
GBPINR (27th Oct)	101.62	0.40%	168407	3893	204479	10258

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	November	Buy	6750-6760	6900	6680	Target Achieved
USDINR	November	Sell	83.30-83.32	83.15	83.40	Exit

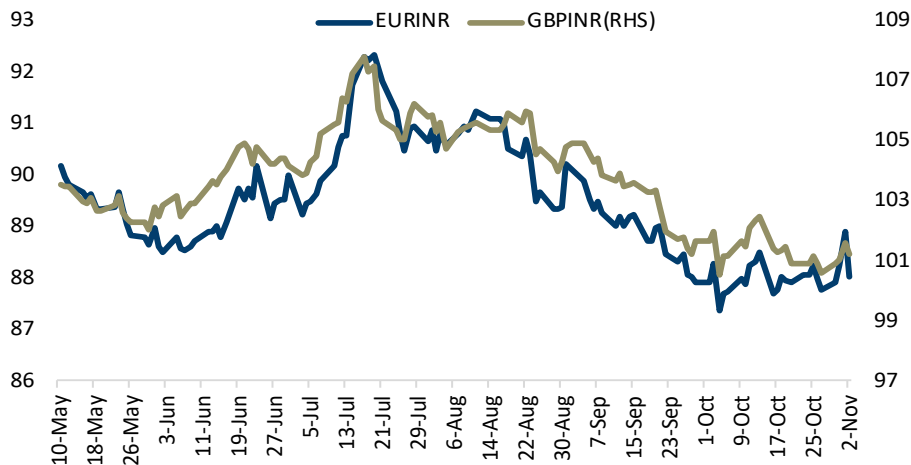
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated from its all time lows on Thursday as the US treasury yields fell and the dollar index softened after the Federal reserve left rates unchanged. Further, weaker than expected weekly jobless claims data from US also weighed on the dollar index.
- Rupee is expected to hold its ground and appreciate towards 83.10 on improving risk appetite and softness in the dollar. Further, increasing probability of Fed pause in its December policy would also restrict the upside in the dollar. Meanwhile, investors will focus on key US Non-Farm payroll data due today. USDINR is likely to dip towards 83.10, as long as it trades under 83.40. Only a move above 83.40 would rally towards 83.50.

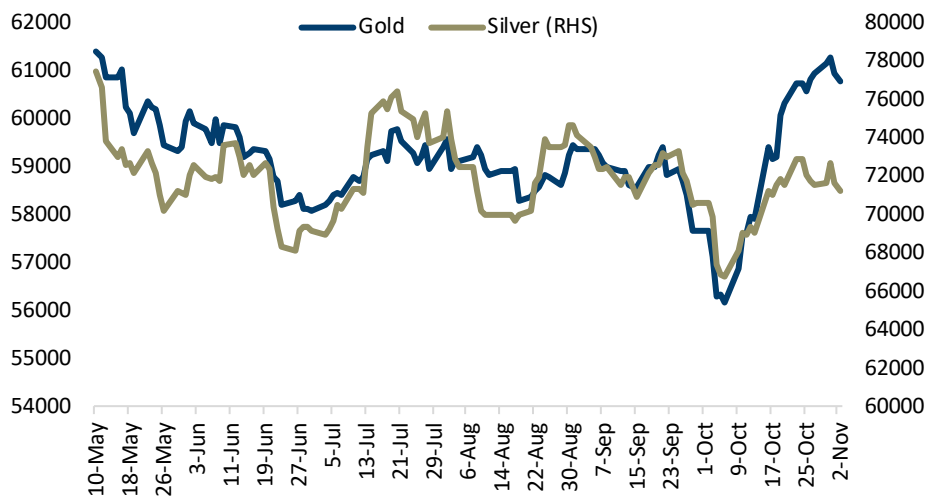
## EURINR vs. GBPINR



## Euro and Pound Outlook

- The Euro moved above the 1.06 mark amid weakness in the dollar. But the weaker economic numbers from the Eurozone restricted its gains. The pair is expected find support near 1.0590 and move higher towards 1.0660 amid softness in the dollar and improved risk appetite in the global equities. EURINR is likely to hold the support near 88.14 and move higher towards 88.90.
- Pound gained more than 0.40% on Thursday after the BOE kept rates at 5.25% and emphasized to hold the rates at current levels for longer period. The pair is expected to hold its gains due to softness in the dollar and increasing expectation that the BOE will continue to hold rates amid forecast of higher inflation. GBPUSD is likely to rise towards 1.2240, as long as it holds 1.2140 mark. GBPINR is expected to hold the key support near 101.20 and inch higher towards 101.80 levels.

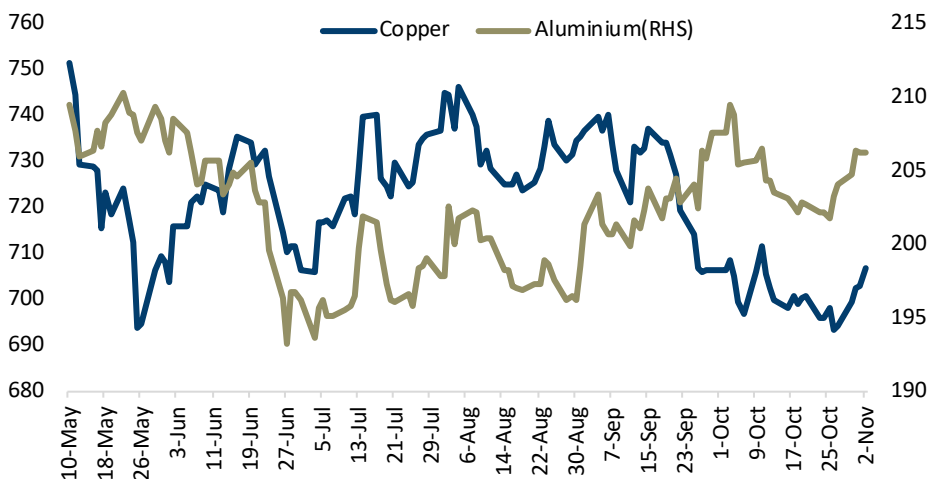
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely rise back towards \$2000 levels as long as its sustains above \$1975 level as dollar is losing its steam after US Federal Reserve kept its policy unchanged for 2<sup>nd</sup> consecutive time reinforcing expectations that Fed is done with raising its policy rate. Further, demand for safe haven may increase on fear that conflict between Hamas and Israel is escalating and may spill over and trigger another multi-front war in the region. Moreover after Jordan, Bahrain recalled its ambassador to Israel and cut all economic ties with country
- MCX Gold prices is likely to move north towards 61,200 level as long as it trades above the support level of 60,600 levels
- MCX Silver is expected to rise further till 72,000 level as long as it sustains above 70,700 level.

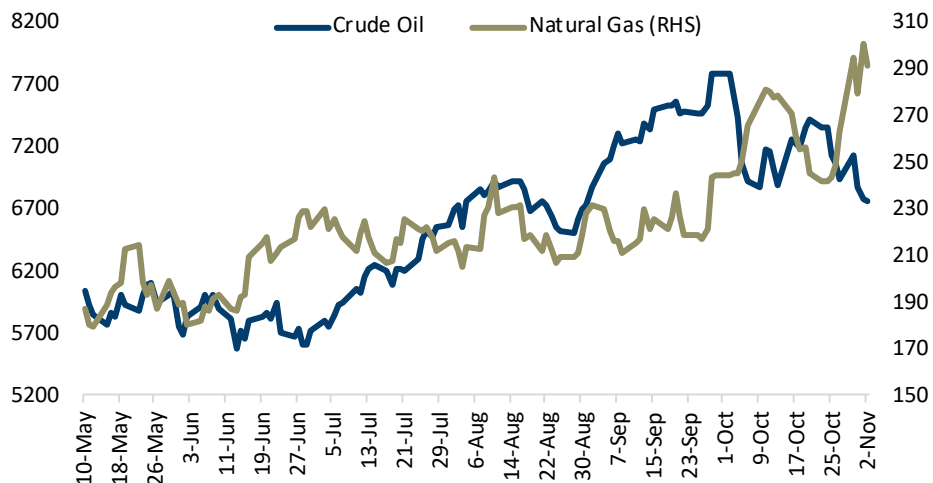
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with positive bias on weak dollar, decline in LME and SHFE stocks and rise in risk appetite in the global markets. Dollar to stay on backfoot as investors bet that US Fed is most likely done with rate hike campaign. Meanwhile, investors will remain cautious ahead of US non-farm payrolls report due today to get more cues on interest rate trajectory.
- 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 720 levels.
- MCX aluminium is expected to rise back towards near 207 level as long as it stays above 205.0 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$81.0 and rise back towards \$84.0 level amid weakness in dollar and on worries that rising conflict in Middle East could disrupt supply. Additionally, Job figures from US are likely to indicate that labor market is cooling down gradually, which could ease pressure on inflation; providing room for Fed to forgo rate hike campaign. Moreover, top oil exporter Saudi Arabia is expected to reconfirm an extension of its voluntary oil-output cut of 1 mbpd through December
- MCX Crude oil is likely to hold support near 6750 levels and move north towards 7000 levels.
- MCX Natural gas is expected to dive towards 280 level as long as it trades below 295 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60602	60746	60894	61038	61186
Silver	70493	70947	71566	72020	72639
Copper	710.6	712.3	714.0	715.7	717.4
Aluminium	206.8	207.0	207.5	207.8	208.3
Zinc	220.3	221.7	224.3	225.7	228.3
Lead	185.9	186.3	186.9	187.3	188.0
Crude Oil	6629	6753	6820	6944	7011
Nat Gas	281	285	288	292	296

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.18	83.25	83.29	83.36	83.40
US\$INR (Nov)	83.29	83.34	83.37	83.42	83.45
EURINR (Oct)	88.14	88.41	88.55	88.82	88.96
EURINR (Nov)	88.34	88.59	88.73	88.98	89.12
GBPINR (Oct)	101.09	101.35	101.50	101.77	101.92
GBPINR (Nov)	101.32	101.53	101.64	101.85	101.96
JPYINR (Oct)	55.51	55.59	55.65	55.73	55.80
JPYINR (Nov)	55.86	55.94	55.99	56.07	56.13

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.12	106.88	-0.71%
US\$INR	83.25	83.29	-0.05%
EURUSD	1.0622	1.0570	0.49%
EURINR	88.44	87.86	0.66%
GBPUSD	1.2203	1.2152	0.42%
GBPINR	101.45	101.11	0.33%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.324	7.359	-0.035
US	4.659	4.734	-0.0751
Germany	2.717	2.764	-0.047
UK	4.382	4.499	-0.117
Japan	0.926	0.961	-0.035

## 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	170825	-3575	-2.05%
Aluminium	470700	-2000	-0.42%
Zinc	82200	-500	-0.60%
Lead	129650	1300	1.01%
Nickel	43050	-1734	-3.87%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 30, 2023						
All Day	Europe	German Prelim CPI m/m	0.00%	0.20%	0.30%	High
1:30 PM	Europe	Spanish Flash CPI y/y	3.50%	3.80%	3.50%	Medium
2:30 PM	Europe	German Prelim GDP q/q	-0.10%	-0.20%	0.00%	Medium
Tuesday, October 31, 2023						
7:00 AM	China	Manufacturing PMI	49.5	50.2	50.2	High
7:00 AM	China	Non-Manufacturing PMI	50.6	51.8	51.7	High
Tentative	Japan	BOJ Policy Rate	-0.10%	-0.10%	-0.10%	High
3:30 PM	Europe	CPI Flash Estimate y/y	2.90%	3.10%	4.30%	Medium
6:00 PM	US	Employment Cost Index q/q	1.10%	1.00%	1.00%	High
7:15 PM	US	Chicago PMI	44	45	44.1	Medium
7:30 PM	US	CB Consumer Confidence	102.6	100.1	103	High
Wednesday, November 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	49.5	50.8	50.6	Medium
5:45 PM	US	ADP Non-Farm Employment Change	113K	141K	89K	High
7:30 PM	US	ISM Manufacturing PMI	46.7	49	49	High
7:30 PM	US	JOLTS Job Openings	9.55M	9.27M	9.61M	High
8:00 PM	US	Crude Oil Inventories	0.8M	1.5M	1.4M	Medium
11:30 PM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
Thursday, November 02, 2023						
5:30 PM	UK	Official Bank Rate	5.25%	5.25%	5.25%	High
6:00 PM	US	Unemployment Claims	217K	210K	210K	High
<b>Friday, November 03, 2023</b>						
<b>7:15 AM</b>	<b>China</b>	<b>Caixin Services PMI</b>	<b>50.4</b>	<b>51.2</b>	<b>50.2</b>	<b>Medium</b>
<b>6:00 PM</b>	<b>US</b>	<b>Average Hourly Earnings m/m</b>	<b>-</b>	<b>0.30%</b>	<b>0.20%</b>	<b>High</b>
<b>6:00 PM</b>	<b>US</b>	<b>Non-Farm Employment Change</b>	<b>-</b>	<b>182K</b>	<b>336K</b>	<b>High</b>
<b>6:00 PM</b>	<b>US</b>	<b>Unemployment Rate</b>	<b>-</b>	<b>3.80%</b>	<b>3.80%</b>	<b>High</b>
<b>7:30 PM</b>	<b>US</b>	<b>ISM Services PMI</b>	<b>-</b>	<b>53.2</b>	<b>53.6</b>	<b>High</b>

Source: Bloomberg, Reuters, ICICI Direct Research



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