

November 29, 2023

## Daily Currency & Commodities Outlook

### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	December	Buy	720.5-721	728	716	Intraday
USDINR	December	Sell	83.38-83.40	83.22	83.50	Intraday

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## News and Developments

- Spot gold extended its gains on Tuesday and moved towards the \$2040 mark amid weakness in the dollar and decline in US treasury yields. The dollar index hit the lowest level in last three months amid hopes that the Federal Reserve has done with its rate hike regime. The dovish comments from the Fed Governor Waller also weighed on the dollar as he favors a continued pause to fed rate hikes.
- The dollar slide below the 103 mark despite an improved consumer confidence numbers and house price index data. The Consumer confidence in November has increased to 102 from previous record of 99.10.
- The 10-year US treasury yields dropped to 4.36% and the 2-year US treasury yield hit the most and dipped to 4.80%.
- The CME Fed-Watch tool indicated almost zero probability of rate hike in December and 4% probability of rate hike in January. Whereas rate cut probability in May 2024 rose to 50%.
- Crude oil futures recouped its earlier losses and settled above the \$76 mark amid softness in the dollar and increasing speculation on further extension of production cut into next year by the OPEC+ members. Additionally, drop in inventory levels after API data reported a decline of 0.8172 million barrels last week has pushed the NYMEX crude to rise towards \$77.
- Copper futures trimmed its earlier losses and ended on a positive note amid correction in the dollar index. Further, supply disruptions at the major mines in Panam and Peru also supported the red metal to settle on a higher note. Copper rose after news that Panama's Supreme Court ruled that Canadian miner First Quantum's contract to operate a lucrative copper mine in Panama is unconstitutional.
- NYMEX Natural gas futures remained under pressure amid forecasts of mild weather and lower heating demand over the next week.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62722	1.27%	2040.97	1.33%
Silver	76993	0.66%	25.03	1.53%
Copper	722.0	0.44%	8473.00	1.30%
Aluminium	203.5	0.00%	2217.00	0.29%
Zinc	227.3	0.40%	2537.50	-0.06%
Lead	186.9	-0.29%	2155.00	-0.32%
WTI Crude Oil	6413	2.33%	76.41	2.07%
US Nat Gas	243.0	-0.69%	2.71	-3.15%

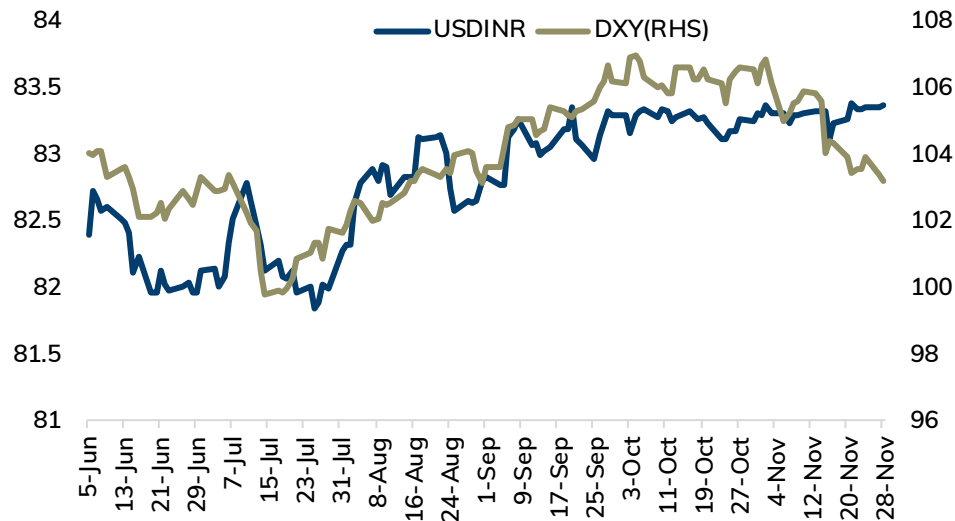
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.39	-0.04%	4390959	1000799	2991959	1347655
EURINR (27th Dec)	91.40	0.35%	218087	86917	271159	204174
GBPINR (27th Dec)	105.30	0.54%	246797	96431	345683	250359

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	December	Sell	6460-6470	6330	6550	Not Initiated
USDINR	December	Sell	83.40-83.42	83.25	83.50	Exit at Cost

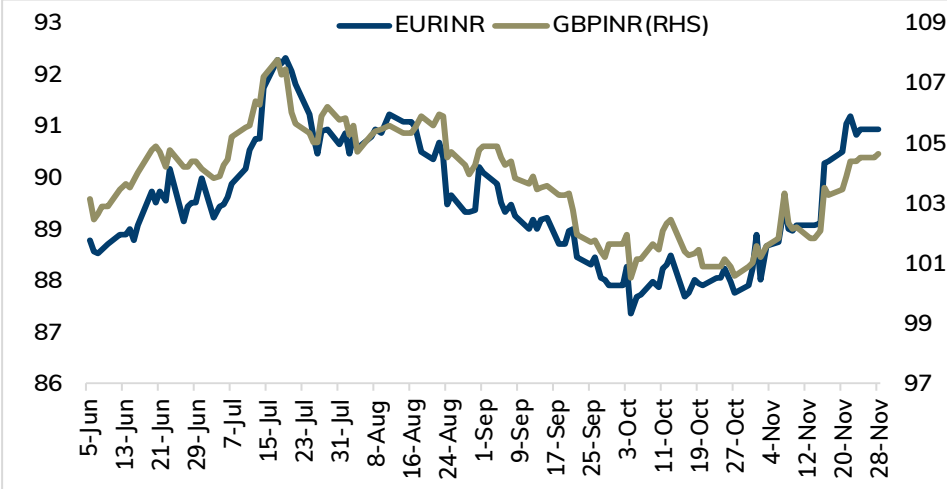
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated yesterday amid weakness in dollar. Further, FII inflows and rise in risk appetite in the domestic markets supported rupee. Meanwhile, sharp gains were limited due to month-end dollar demand from importers
- Rupee is likely to appreciate further today amid weak dollar, optimistic domestic market sentiments and drop in US treasury yields. Dollar is showing weakness and has sunk to its lowest in more than 3-months on anticipation that US Federal Reserve could start cutting rates by the first half of next year. Additionally, dovish statements from Fed officials and mixed batch of economic data from US will weigh on dollar. USDINR Dec may slip to 83.22 level as long as it stays below 83.50 levels

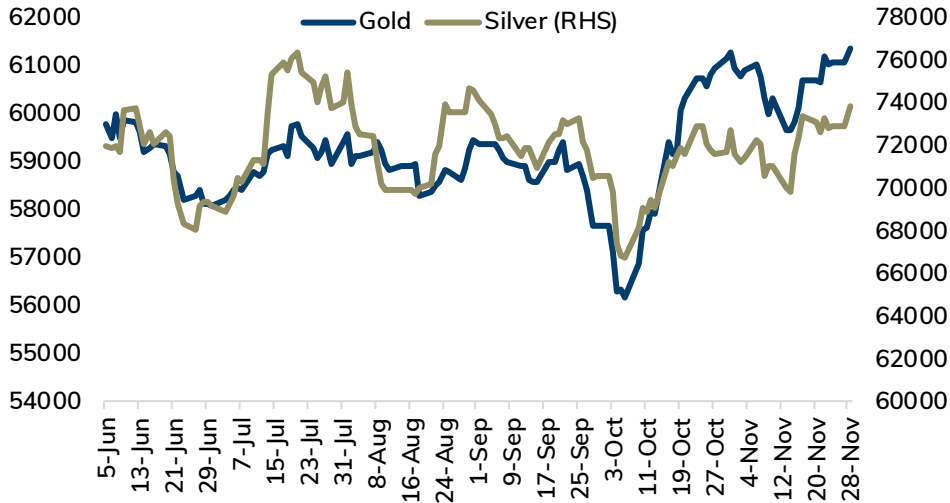
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro moved up by 0.36% yesterday and posted more than 3-month high amid weak dollar and hawkish comments from ECB Governing Council member and Bundesbank President Nagel. He said it would be premature for central bank to lower rate soon or to speculate about such steps. For today, EURUSD is likely to rise further towards 1.1050 level as long as it stays above 1.0960 levels amid weakness in dollar and rise in risk appetite in the global markets. Meanwhile, investors will remain cautious ahead of inflation data from Germany and Spain to get cues on interest rate trajectory. EURINR may rally towards 91.90 as long as it trades above 91.35 levels
- Pound is likely to move further north towards 1.2780 level amid weak dollar and hawkish comments from BOE Deputy Governor Dave Ramsden. He said monetary policy would need to remain restrictive for some time to defeat inflation. GBPINR is likely to move higher towards 106.20 level as long as it stays above 105.50 levels

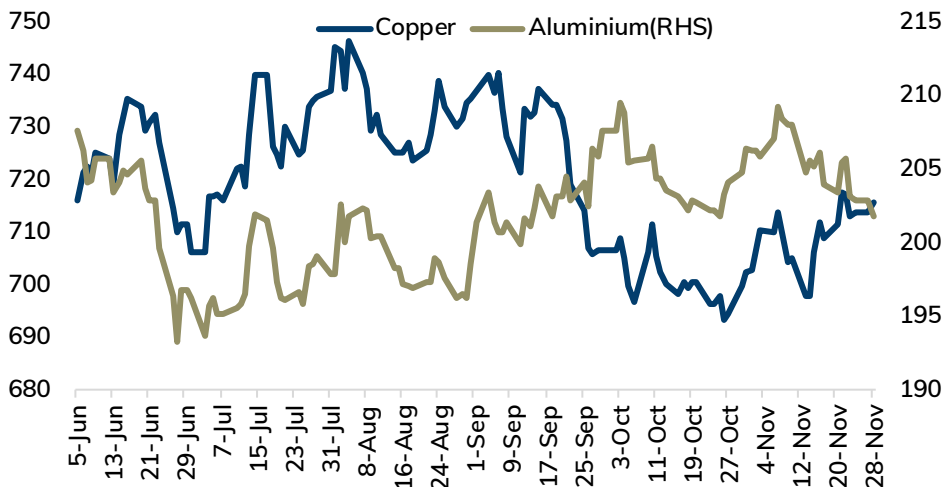
## MCX Gold vs. Silver



## Bullion Outlook

- Gold is likely to hold its gain and extend its bullish move towards \$2070, as long as it holds above the \$2030 mark. The weakness in the dollar and decline in US treasury yields amidst increasing probability of Fed pause in its interest rate would support the bullions to trade higher. Meanwhile, highest net long positions in the bullions as per the last CFTC report would also favor the bulls. Meanwhile, investors will keep an eye on key US Prelim GDP QoQ numbers.
- MCX gold February is expected to move higher towards 63,000, as long as it holds above 62,000. Only close below 62,000 it would correct towards 61,600.
- MCX Silver is likely to follow the yellow metal and move towards 78,400, as long as it holds above the 76,200 mark.

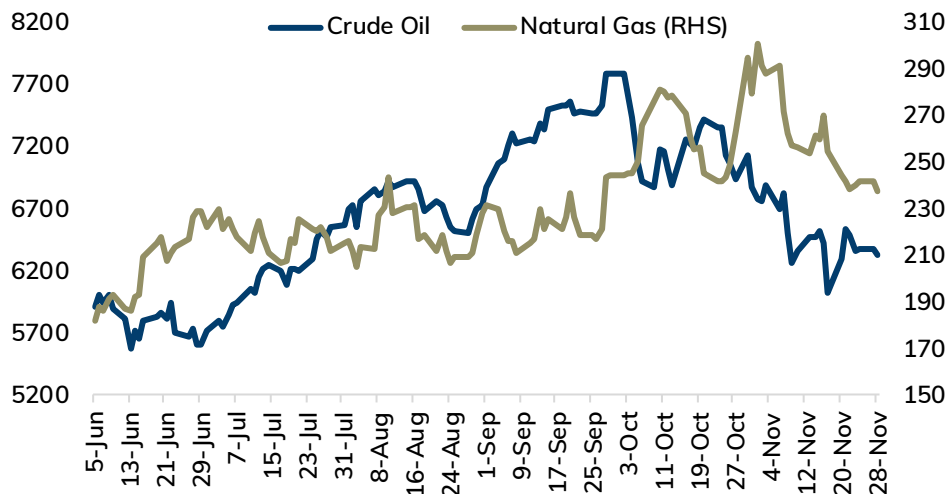
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to hold its gains and trade higher amid increasing supply concerns and softness in the dollar. Further, increasing imports of refined copper over the recent months after the recent stimulus from China would also support the red metal to regain its strength. Additionally, increasing prospects of less restrictive monetary policy across major economies would also strengthen the metals. Meanwhile, traders will focus on key economic numbers from US and China to get more clarity
- MCX Copper December is likely to find support near 718 and move higher towards 730.
- MCX Aluminium December is expected to hold the support near 202 and move back towards 206.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil prices are expected to trade higher amid weakness in the dollar and growing optimism of further production cuts from major oil producers ahead of the OPEC+ meeting on Thursday. Further, forecast of decline in US crude oil inventories in the weekly EIA print could also provide support to the NYMEX oil to trade above the \$75 mark and move towards \$78.
- MCX Crude oil is likely to find support near 6300 and move towards 6500. Only a move above 6500 would open the doors towards 6650.
- MCX Natural gas December futures is expected to face the hurdle near 250 and move lower towards 240 amid ample supply and mild weather forecast in the US.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61578	62150	62475	63047	63372
Silver	75824	76409	76778	77363	77732
Copper	713.5	717.7	720.3	724.6	727.2
Aluminium	201.4	202.4	203.1	204.1	204.8
Zinc	224.8	226.0	226.8	228.1	228.9
Lead	185.7	186.3	186.9	187.5	188.1
Crude Oil	6167	6290	6361	6484	6555
Nat Gas	236	239	245	249	254

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.31	83.35	83.40	83.43	83.48
US\$INR (Jan)	83.40	83.43	83.47	83.51	83.55
EURINR (Dec)	91.18	91.29	91.38	91.48	91.57
EURINR (Jan)	91.32	91.44	91.52	91.63	91.71
GBPINR (Dec)	105.02	105.16	105.27	105.42	105.53
GBPINR (Jan)	104.58	104.98	105.20	105.61	105.83
JPYINR (Dec)	56.15	56.28	56.46	56.60	56.78
JPYINR (Jan)	56.52	56.65	56.82	56.94	57.11

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.75	103.20	-0.44%
US\$INR	83.34	83.38	-0.04%
EURUSD	1.0993	1.0954	0.36%
EURINR	91.28	90.90	0.42%
GBPUSD	1.2694	1.2627	0.53%
GBPINR	105.25	104.63	0.59%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.277	7.270	0.007
US	4.321	4.387	-0.0659
Germany	2.497	2.548	-0.051
UK	4.174	4.212	-0.038
Japan	0.758	0.778	-0.02

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
10/4/2023	8:00 PM	-2.2M	-0.1M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	176400	-1400	-0.79%
Aluminium	467875	-4000	-0.85%
Zinc	209775	-1050	-0.50%
Lead	138475	500	0.36%
Nickel	44874	0	0.00%

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	-	5.0%	4.90%	High
8:35 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
9:00 PM	US	Crude Oil Inventories	-	-	8.7M	Medium
Thursday, November 30, 2023						
7:00 AM	China	Manufacturing PMI	-	49.6	49.5	High
7:00 AM	China	Non-Manufacturing PMI	-	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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