

September 21, 2023

## Daily Currency & Commodities Outlook

### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	October	Sell	59280-59300	58800	59550	Intraday
USDINR	September	Buy	83.15-83.16	83.35	83.00	Intraday

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## News and Developments

- Spot Gold prices edged lower yesterday amid strong dollar and surge in US treasury yields across curve after US Federal Reserve held interest rates steady at this meeting but stiffened its hawkish stance
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting slipped to 62.3% from 70.1% a day ago while, prospects for increase by 25bps in November meeting has moved up to 37.7% from 29.4% a day ago
- US treasury yields surged after US Federal Reserve hit a pause button but signalled they were prepared to hike rates once more this year. Yield on benchmark US 10-year treasury note increased to 4.41% and 2-year treasury yield, which typically moves in step with interest rate expectations rose to 5.178%, highest since July 2006
- US Federal Reserve hit a pause button once again but signaled that bank is ready to raise interest rates once more this year if economy and inflation doesn't cool further. Fed indicated in its new projection that borrowing cost may still need to go up by quarter percentage point by the end of this year. Fed officials voted to hold its benchmark rates between 5.25% and 5.5%
- Crude oil prices slipped on strong dollar and risk aversion in the global markets. Further, investors fear that rising borrowing cost to tame inflation can slow economic growth and reduce oil demand. Meanwhile, EIA weekly report showed that crude inventories fell by 2.1 million barrels last week. On Fuels side, gasoline inventory decline by 0.831M barrels and distillate stockpiles drop by 2.867M barrels
- Copper prices slipped on strong dollar and rising inventories at LME registered warehouses. While, sharp downside was cushioned on upbeat demand prospect from China

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59405	0.21%	1930.30	-0.05%
Silver	73230	0.91%	23.24	0.16%
Copper	727.2	0.02%	8345.50	0.64%
Aluminium	204.5	0.69%	2256.00	1.83%
Zinc	224.0	1.06%	2555.50	2.32%
Lead	187.7	-0.24%	2214.00	-0.27%
WTI Crude Oil	7475	-0.94%	90.28	-1.01%
US Nat Gas	227.0	-4.22%	2.73	-4.04%

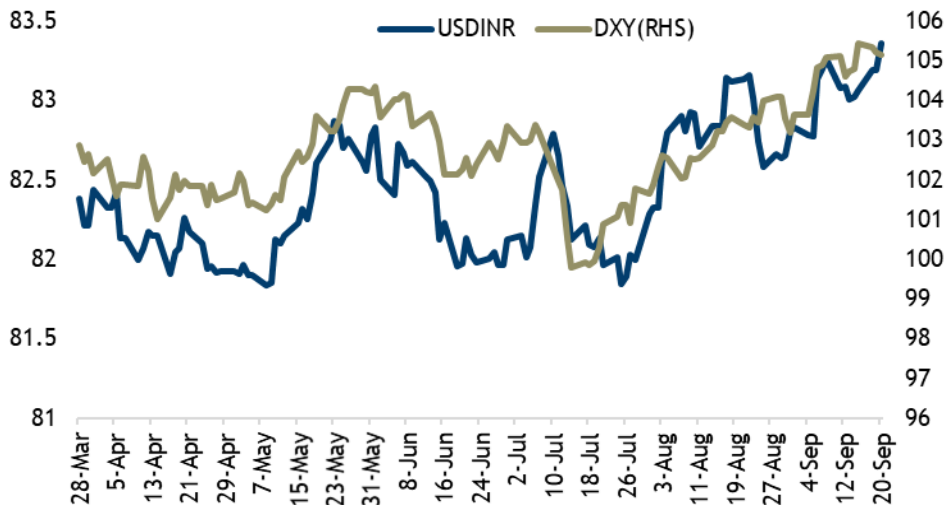
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.12	-0.28%	3631063	105509	3057226	773289
EURINR (26th Sep)	89.00	0.03%	114258	-949	107613	18009
GBPINR (26th Sep)	102.82	-0.51%	200164	15950	277256	95969

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	September	Sell	728-728.50	721	732	Profit Booked
EurInr	September	Buy	89.94-89.95	89.40	88.75	Profit Booked

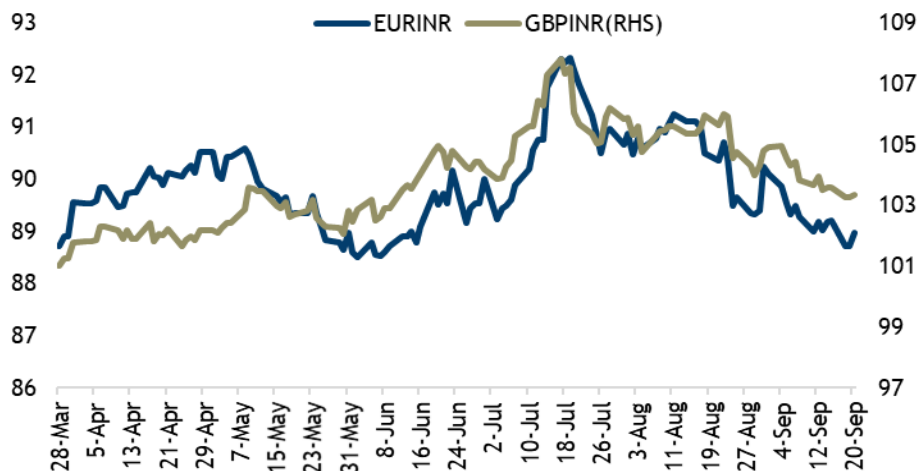
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated back towards 83.10 on Wednesday amid easing crude oil prices and likely dollar sell by the RBI.
- USDINR is expected to rise towards 83.30, as long as it holds above the 82.80 mark amid firm dollar and rise in US treasury yields. The hawkish comments from the US Federal Reserve is going to support the dollar. The Fed's projection for another 25 bps hike by year-end and two fewer cuts in 2024 has signalled tighter monetary policy through 2024. USDINR is expected to find support near 83.00 and move towards 83.40. Only a move above 83.40 would open the doors towards 83.60.

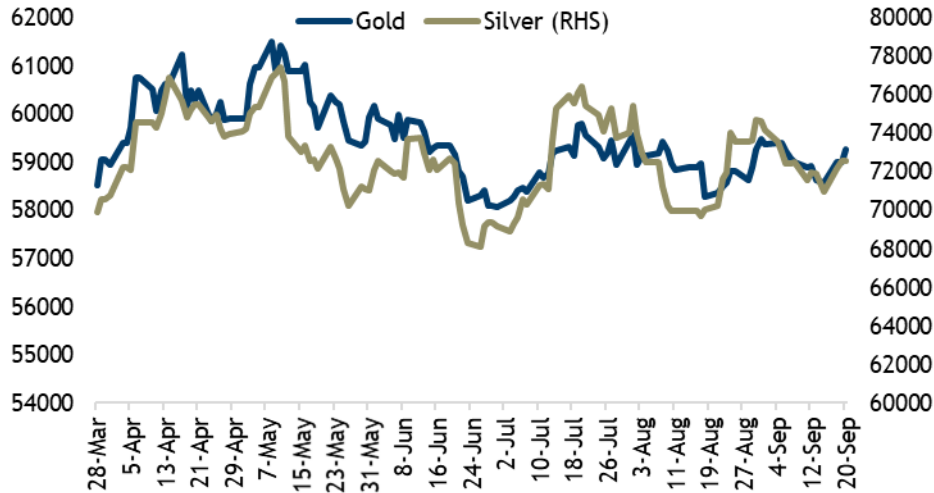
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro pared all its gains and slide towards the lowest level in 3-months amid firm dollar. Earlier, the Euro rallied above the 1.07 mark on signs of strength in the economy after Eurozone car sales and construction output improved to 5-month highs. The pair is likely to remain under pressure amid firm dollar and weaker global risk sentiments. EURINR is likely to face the hurdle near 89.00 and weaken towards 88.20. EURUSD is expected to hit the key support near 1.06 as long as it trades below 1.07
- The pound remained under pressure amid firm dollar and softening key inflation in the region. The CPI numbers dipped to 6.7% against forecast of 7%. The pair is expected to find support near 1.23 and move towards 1.24 ahead of key BOE policy, where the central bank is expected to increase the rates by 25 bps. Only close below 1.23 would weaken towards 1.2240. GBPINR is expected to move in the range of 102.20-103.00.

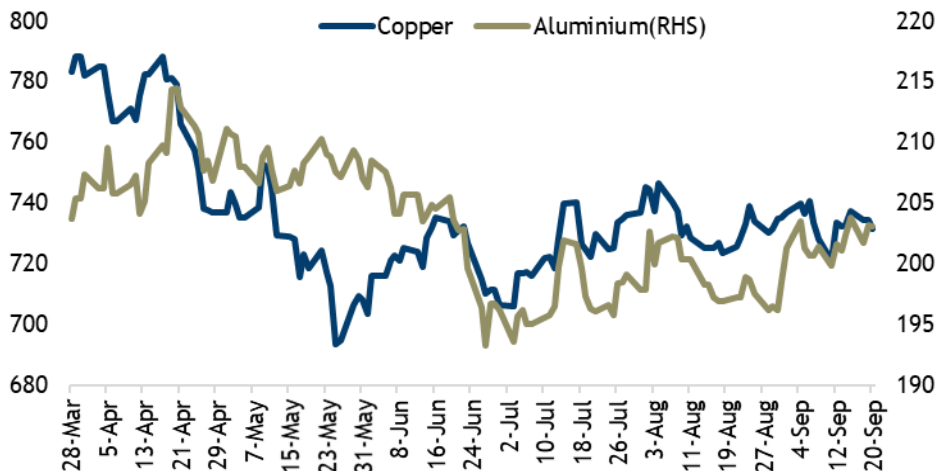
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to slip back towards \$1910 levels as long as it sustains below \$1932 levels amid strong dollar and surge in US treasury yields across curve. Yields are moving up as US Fed signaled that bank is ready to raise interest rates once more this year to combat inflation. Fed policymakers see interest rate peaking this year in 5.50%-5.75% range, a quarter percentage point above the current range. Further, projections showed that rates may remain tighter through 2024 than previously expected
- MCX Gold prices is likely to move south towards 58,600 level as long as it trades below the resistance level of 59,300 levels
- MCX Silver is expected to slip towards 71,500 level as long as it sustains below 72,500 level

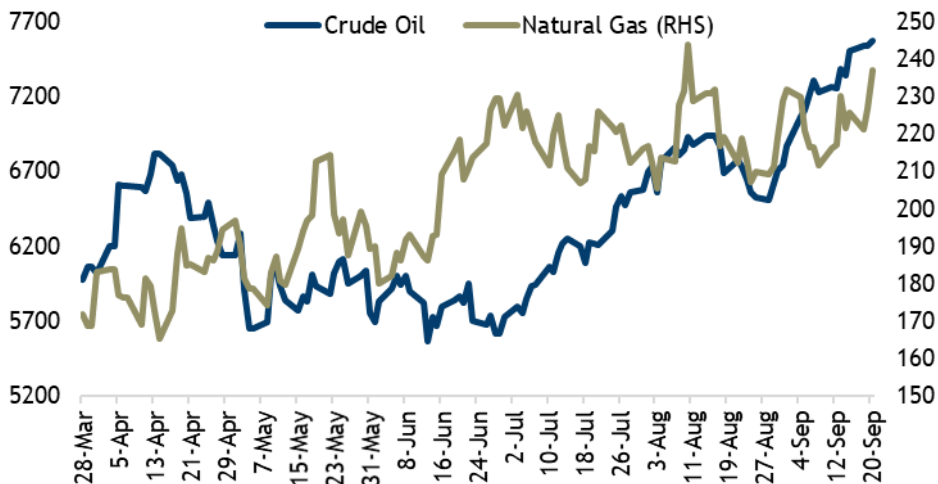
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar, pessimistic global market sentiments and rising inventories at LME registered warehouses. Copper stocks are at their highest since May 2022 at 155,700 tons. Market sentiment is hurt as hawkish guidance from US Federal Reserve reinforced higher for longer interest rate narrative. Moreover, investors will remain vigilant ahead of rate decision from other central banks and economic data from US.
- MCX Copper may slip further towards 720 levels as long as it trades below 732 levels
- MCX aluminium is expected to move downward towards 202.50 level as long as it stays below resistance level of 204.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to face hurdle near \$90 levels and slip towards \$88 amid strong dollar and risk aversion in the global markets. Further, investors fear that rising interest rates will slow down economic growth and dent fuel demand. Traders will keep an close eye on other central banks monetary policies to get cues on rate Outlook. Meanwhile, further downside may be cushioned on concerns over tighter global supplies and drawdown in crude oil inventories
- MCX Crude oil is likely to move down towards 7300 level as long as its sustains below 7500 levels
- MCX Natural gas is expected to move upwards towards 235 level as long as it stays above 220 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58985	59195	59319	59529	59653
Silver	71758	72494	72906	73642	74054
Copper	722.3	724.7	727.6	730.0	732.9
Aluminium	201.9	203.2	203.9	205.2	205.9
Zinc	218.3	221.1	223.1	225.9	227.9
Lead	186.8	187.2	188.0	188.4	189.2
Crude Oil	7324	7400	7479	7555	7634
Nat Gas	221	224	228	231	235

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.92	83.02	83.16	83.26	83.40
US\$INR (Oct)	83.02	83.13	83.27	83.38	83.53
EURINR (Sep)	88.78	88.89	88.99	89.10	89.20
EURINR (Oct)	88.99	89.09	89.19	89.29	89.38
GBPINR (Sep)	102.38	102.60	102.92	103.14	103.46
GBPINR (Oct)	102.61	102.80	103.09	103.28	103.57
JPYINR (Sep)	56.08	56.19	56.35	56.46	56.62
JPYINR (Oct)	56.46	56.59	56.77	56.89	57.07

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.33	105.20	0.12%
US\$INR	83.08	83.27	-0.23%
EURUSD	1.0661	1.0692	-0.29%
EURINR	88.88	88.87	0.01%
GBPUSD	1.2344	1.2383	-0.31%
GBPINR	102.79	103.28	-0.47%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.175	7.191	-0.016
US	4.407	4.303	0.1044
Germany	2.702	2.708	-0.006
UK	4.215	4.391	-0.176
Japan	0.727	0.715	0.012

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
20-09-2023	8:00 PM	-2.1M	-1.3M
13-09-2023	8:00 PM	4.0M	-2.2M
07-09-2023	8:30 PM	-6.3M	-2.06M
30-08-2023	8:00 PM	-10.6M	-2.2M
23-08-2023	8:00 PM	-6.1M	-2.9M
16-08-2023	8:00 PM	-6.0M	-2.4M
09-08-2023	8:00 PM	5.9M	2.1M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	155700	6100	4.08%
Aluminium	486150	-3675	-0.75%
Zinc	111600	-3750	-3.25%
Lead	73875	2825	3.98%
Nickel	41040	540	1.33%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 18, 2023						
1:30 PM	US	NAHB Housing Market Index	45.00	50.00	50.00	Medium
Tuesday, September 19, 2023						
2:30 PM	Europe	Final CPI y/y	5.2%	5.3%	5.3%	Medium
6:00 PM	US	Building Permits	1.54M	1.45M	1.44M	Medium
Wednesday, September 20, 2023						
6:45 AM	China	5-y Loan Prime Rate	4.2%	4.2%	4.2%	High
11:30 AM	UK	CPI y/y	6.70%	7.1%	6.8%	High
8:00 PM	US	Crude Oil Inventories	(-2.1)M		4.0M	Medium
11:30 PM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections	-	-	-	High
Thursday, September 21, 2023						
4:30 PM	UK	Official Bank Rate		5.5%	5.25%	High
6:00 PM	US	Unemployment Claims		222K	220K	High
7:30 PM	US	Existing Home Sales		4.10M	4.07M	Medium
Friday, September 22, 2023						
8:30 AM	Japan	BOJ Policy Rate		-0.10%	-0.10%	High
11:30 AM	UK	Retail Sales y/y		0.5%	-1.2%	High
1:30 PM	Europe	Flash Manufacturing PMI		44.0	43.5	High
1:30 PM	Europe	Flash Services PMI		47.7	47.9	High
2:00 PM	UK	Flash Manufacturing PMI		43.5	43.0	High
2:00 PM	UK	Flash Services PMI		49.1	49.5	High
7:30 PM	US	Flash Manufacturing PMI		47.9	47.9	High
7:30 PM	US	Flash Services PMI		50.8	50.5	High

Source: Bloomberg, Reuters, ICICI Direct Research



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