

December 18, 2023

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	December	Buy	722-722.5	730	718	Intraday
EURINR	December	Sell	90.68-90.70	90.30	90.90	Intraday

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## News and Developments

- Gold prices took a pause after rallying more than 1.5% last week amid recovery in the dollar index. But the decline in the US treasury yields and contraction in the manufacturing activities last month limited the downside in the bullions
- The dollar index bounced on Friday after comments from the Fed member Williams pushed back against the market's rate cut expectations. The CME Fedwatch tool indicates more than 62% probability of rate cut in March against previous reading 65%.
- The 10 year US treasury yields remained close to 3.9% and the 2 year US treasury yields inched towards 4.40%.
- NYMEX Crude oil futures erased its earlier gains and steadied near the \$72 mark after weaker manufacturing activity in Europe and US raised the doubts on demand outlook. Further, strong dollar and ample supplies from non OPEC nations also hurt the rally in oil to go beyond the \$73 mark. Meanwhile, fall in US oil rig counts to 623 last week supported the oil prices to rise towards \$72.
- Copper prices retreated from its weekly highs amid strong dollar and weaker manufacturing activities in Europe and US. Earlier prices hit its highest level in 2-months after China's industrial production numbers showed surprise growth last month. Higher copper import numbers in the second half of the year has increased the bets that the demand of the metal to improve.
- NYMEX natural gas gained more than 4% on Friday on forecast of higher demand next week as record amount of gas flow to LNG export plants.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62192	-0.42%	2019.62	-0.82%
Silver	74525	-0.73%	23.86	-1.36%
Copper	725.7	-0.21%	8549.00	-0.03%
Aluminium	202.9	1.20%	2247.50	1.70%
Zinc	223.2	0.65%	2532.00	1.56%
Lead	184.1	-0.11%	2081.50	0.60%
WTI Crude Oil	5952	-1.08%	71.43	-0.21%
US Nat Gas	210.4	7.02%	2.49	4.14%

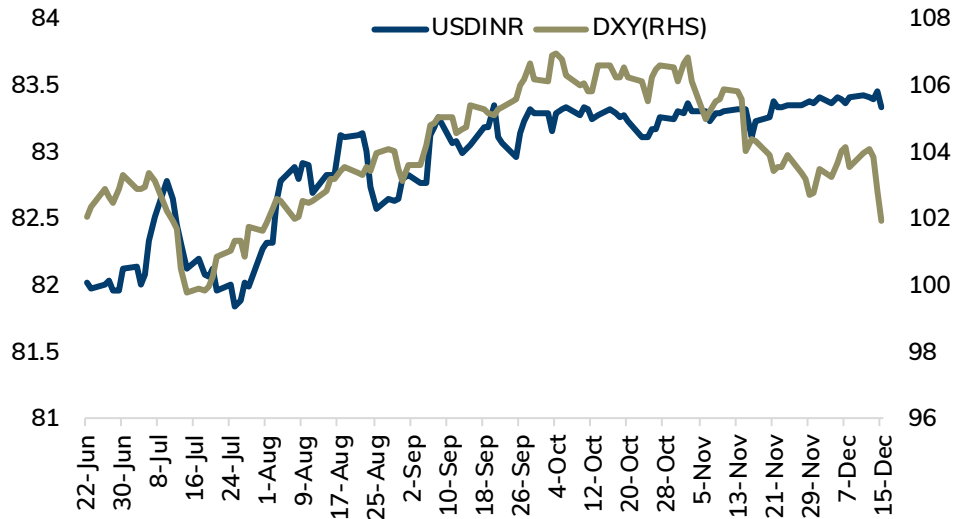
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.02	-0.39%	4148114	-906	3902720	2072494
EURINR (27th Dec)	91.04	-0.01%	145190	-11688	220320	-12609
GBPINR (27th Dec)	106.01	0.41%	225294	5543	254846	6209

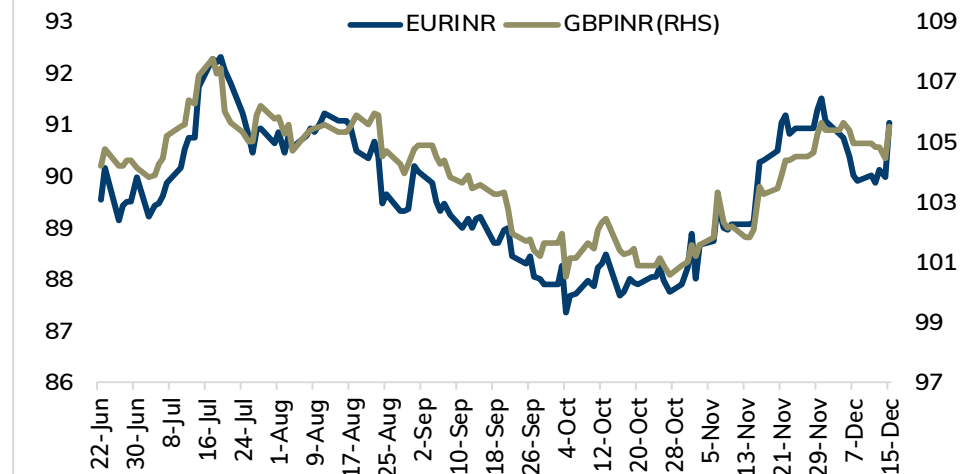
## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62100-62120	62550	61800	Exit in Loss
EURINR	December	Buy	91.38-91.40	91.80	91.20	Stoploss Triggered

## Dollar Index vs. US\$INR



## EURINR vs. GBPINR



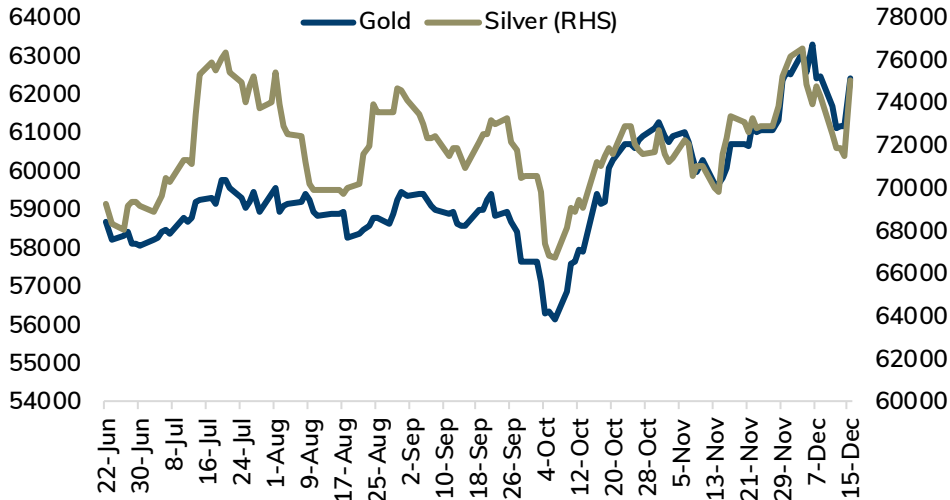
## Rupee Outlook

- Rupee appreciated on Friday posting its biggest single day gain in more than 8 months amid weakness in dollar and upbeat economic data from India. India's merchandise trade deficit narrowed in November to \$20.58 billion from \$31.46 billion in October. Additionally, rise in risk appetite in the domestic markets and FII inflows supported domestic pair
- Rupee is likely to depreciate today amid re-bounce in dollar and risk aversion in the Asian markets. Dollar recovered after Federal Reserve bank of New York President William's pushed back against market rate cut expectation's. Meanwhile, sharp fall in rupee may be prevented due to persistent FII inflows and as improved trade balance data augurs well for CAD. USDINR may find support near 82.90 level and rise back towards 83.20 levels

## Euro and Pound Outlook

- Euro slipped by 0.89% on Friday amid strong dollar and weaker than expected economic data from Euro Zone. Activity in Manufacturing and Services sector contracted more than expected in December. For today, EURUSD is likely to edged lower towards 1.0850 levels as long as it stays below 1.0930 levels amid re-bounce in dollar and pessimistic global market sentiments. Further, sluggish economic data from euro zone will continue to hurt single currency. EURINR may slip towards 90.30 level as long as it trades below 90.90 levels
- Pound is likely to slip towards 1.2620 level amid firm dollar, risk aversion in the global market and weaker than expected manufacturing PMI data from Britain. Activity in Manufacturing sector contracted for consecutive 17<sup>th</sup> months. GBPINR is likely to move south towards 104.80 level as long as it stays below 105.50 levels

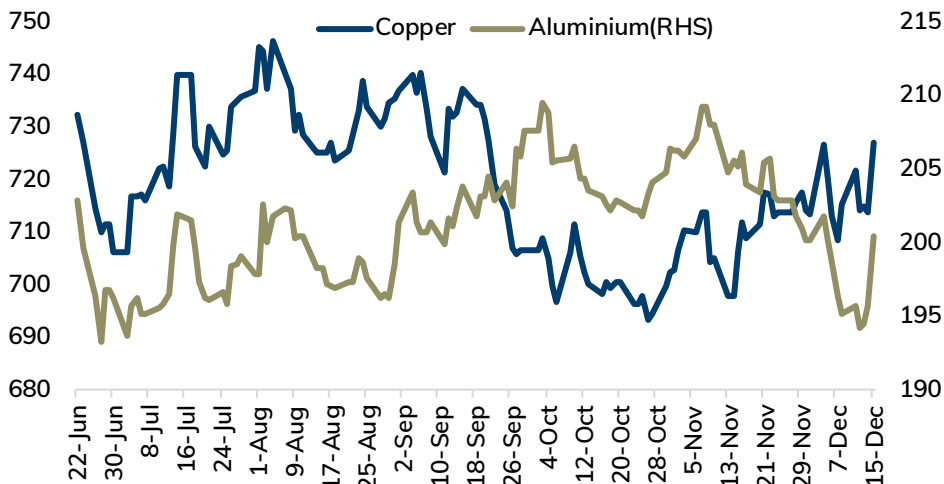
## MCX Gold vs. Silver



## Bullion Outlook

- Gold is expected to recover its losses and move towards \$2045, as long as it holds above \$2010. The decline in US treasury yields would support the bullions to regain its momentum. Further, expectation of weakness in the US housing market would weigh on the dollar and raise the odds of interest rate cuts. The CME fed-watch tool indicates more than 61% probability of rate cut in March 2024.
- MCX gold is expected to find support near the 10 day EMA at 61880 and rise again towards 62,600. Only close below 61880 would open the doors towards 61600.
- MCX silver is likely to follow the yellow metal and move towards 75,200, as long as it holds above 73,800.

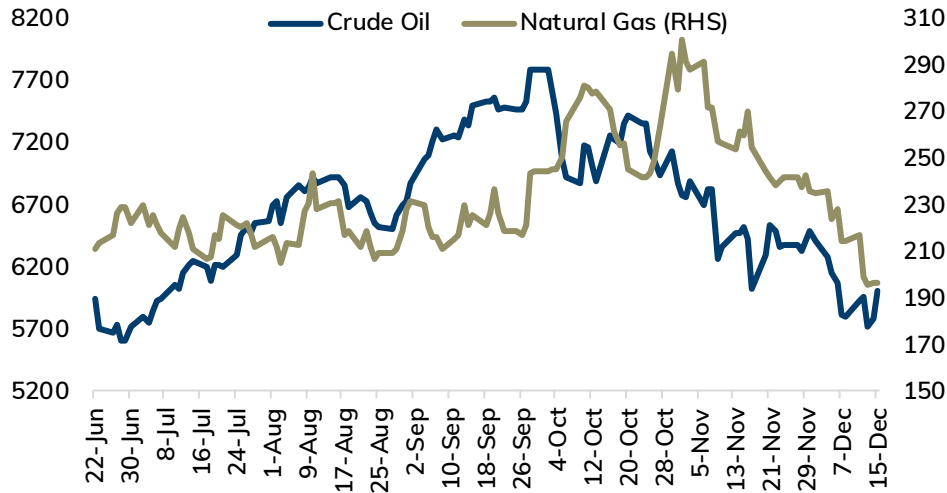
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to move in a tight range after last week's rally. The supply disruption from major producing mines would support the metals to hold its gains. Meanwhile, weaker manufacturing activity in US and Europe would restrict any major upside in the metal. Furthermore, sluggish growth outlook in China's property market would hurt its upside momentum.
- MCX Copper December is expected to move inside the range of 721-731. Only a move outside of the range would bring more clarity in its direction.
- MCX Aluminium is expected to find support near 200 and move higher towards 205.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- Crude oil prices are expected to rise again towards the \$74 mark amid increasing concerns over disruption to the transportation of oil due to recent attacks on ships in the Red sea. Further, expectation of decline in Russian exports after it announced to cut the output by additional 50,000 bpd or more to support the oil prices. Moscow has suspended about two-thirds of loadings from ports due to a storm and scheduled maintenance on Friday.
- MCX Crude oil January is likely to find support near 5880 and move towards 6100 level. Only close above 6100, would open the doors towards 6250.
- MCX Natural gas December future is likely to rise towards 215, as long as it trades above the 204 mark.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61739	61966	62281	62508	62823
Silver	73700	74113	74698	75111	75696
Copper	716.3	721.0	725.9	730.6	735.6
Aluminium	198.1	200.5	202.6	205.0	207.1
Zinc	221.3	222.2	223.0	223.9	224.7
Lead	182.9	183.5	184.4	185.0	186.0
Crude Oil	5767	5859	5932	6024	6097
Nat Gas	193	202	207	215	220

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	82.72	82.87	83.11	83.26	83.50
US\$INR (Jan)	82.82	82.97	83.20	83.35	83.58
EURINR (Dec)	90.44	90.74	91.22	91.52	92.00
EURINR (Jan)	90.65	90.94	91.41	91.69	92.16
GBPINR (Dec)	105.50	105.75	106.07	106.32	106.64
GBPINR (Jan)	105.65	105.89	106.19	106.42	106.72
JPYINR (Dec)	58.40	58.53	58.73	58.87	59.06
JPYINR (Jan)	58.81	58.94	59.12	59.25	59.44

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.55	101.96	0.58%
US\$INR	83.00	83.33	-0.39%
EURUSD	1.0895	1.0993	-0.89%
EURINR	90.98	90.86	0.13%
GBPUSD	1.2681	1.2767	-0.67%
GBPINR	106.04	105.55	0.47%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.163	7.197	-0.034
US	3.911	3.921	-0.0098
Germany	2.016	2.119	-0.103
UK	3.687	3.789	-0.102
Japan	0.696	0.674	0.022

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
12/13/2023	9:00 PM	-4.3M	-1.9M
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	175550	-2525	-1.42%
Aluminium	444625	-2950	-0.66%
Zinc	208475	-1575	-0.75%
Lead	128150	-500	-0.39%
Nickel	49176	222	0.45%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 18, 2023						
2:30 PM	Europe	German ifo Business Climate	-	87.6	87.3	Medium
Tuesday, December 19, 2023						
Tentative	Japan	BOJ Policy Rate	-	-0.10%	-0.10%	High
7:00 PM	US	Building Permits	-	1.46M	1.49M	Medium
7:00 PM	US	Housing Starts	-	1.36M	1.37M	Medium
Wednesday, December 20, 2023						
6:45 AM	China	1-y Loan Prime Rate	-	3.45%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	-	4.20%	4.20%	Medium
12:30 PM	UK	CPI y/y	-	4.30%	4.60%	High
8:30 PM	US	CB Consumer Confidence	-	104.1	102	High
8:30 PM	US	Existing Home Sales	-	3.77M	3.79M	Medium
9:00 PM	US	Crude Oil Inventories	-	-	-4.3M	High
Thursday, December 21, 2023						
7:00 PM	US	Final GDP q/q	-	5.20%	5.20%	High
7:00 PM	US	Unemployment Claims	-	215K	202K	High
7:00 PM	US	Final GDP Price Index q/q	-	3.60%	3.60%	High
7:00 PM	US	Philly Fed Manufacturing Index	-	-3.2	-5.9	High
9:00 PM	US	Natural Gas Storage	-	-	-55B	High
Friday, December 22, 2023						
12:30 PM	UK	Retail Sales m/m	-	0.50%	-0.30%	High
7:00 PM	US	Core PCE Price Index m/m	-	0.2%	0.2%	High
7:00 PM	US	Durable Goods Orders m/m	-	2.70%	-5.40%	Medium
7:00 PM	US	Personal Spending m/m	-	0.30%	0.20%	Medium
8:30 PM	US	Revised UoM Consumer Sentiment	-	69.5	69.4	High
8:30 PM	US	New Home Sales	-	687K	679K	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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