

September 12, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Buy	730.5-731	737	727	Intraday
USDINR	September	Sell	83.05-83.06	82.90	83.15	Intraday

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News and Developments

- Spot Gold prices edged up yesterday on soft dollar. Further, some of the policymakers signalled pause in central bank rate hike cycle ahead of their meeting scheduled next week
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 92% while, prospects for increase by 25bps in November meeting stand at 38%
- Yield on benchmark US 10-year treasury note was up by 2.8 basis points to 4.284% and 2-year treasury yield, which typically moves in step with interest rate expectations was unchanged at 4.984%
- US Dollar softened ahead of inflation data due on Wednesday. Further, US Fed is widely expected to hit a pause button at its policy meeting next week
- Yen strengthened sharply against dollar amid comments from Bank of Japan Governor Kazuo Ueda that amplified expectations that central bank could shift away from its negative interest rate policy
- Crude oil price ended on positive note mostly due to weakness in dollar and ongoing anxieties over supply tightness in coming months. Further, strength in crude crack spread proved supportive for oil prices, as higher crack spread inspires refiners to boost their crude purchases. However, sharp upside was capped on global energy demand concerns
- Copper prices edged higher amid stronger Chinese currency and buoyant loan data from China. Further, weakness in dollar and improved global market sentiments supported industrial metal

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59369	0.08%	1922.30	0.17%
Silver	71942	0.53%	23.08	0.66%
Copper	734.6	1.56%	8402.00	1.94%
Aluminium	203.2	0.77%	2205.50	1.01%
Zinc	223.5	1.98%	2509.50	2.70%
Lead	189.6	0.66%	2249.00	0.97%
WTI Crude Oil	7248	-0.14%	87.29	-0.25%
US Nat Gas	217.0	0.51%	2.61	0.12%

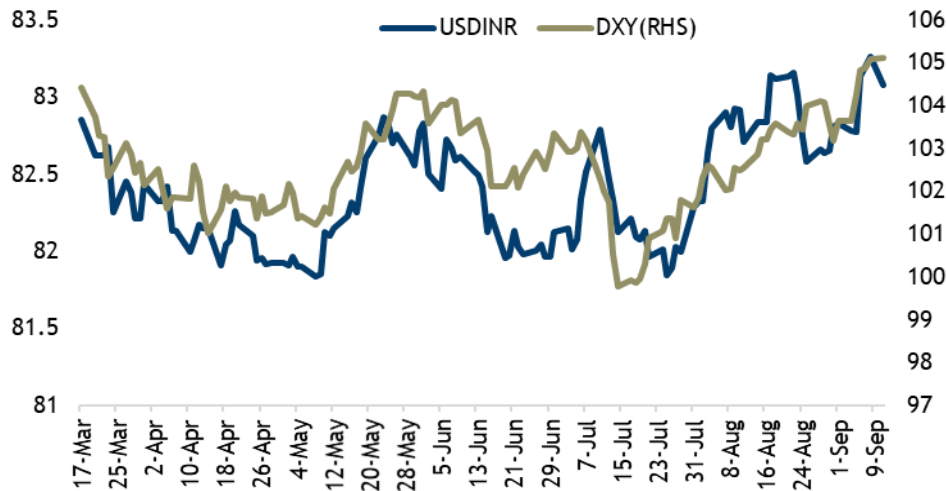
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.09	0.02%	3883320	154765	2523411	-216674
EURINR (26th Sep)	89.19	0.20%	126341	-10146	95681	-28022
GBPINR (26th Sep)	103.94	0.25%	184758	-23631	156189	-53071

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	September	Sell	7255-7260	7145	7320	Profit Booked
USDINR	September	Sell	83.12-83.13	82.90	83.22	Not Initiated

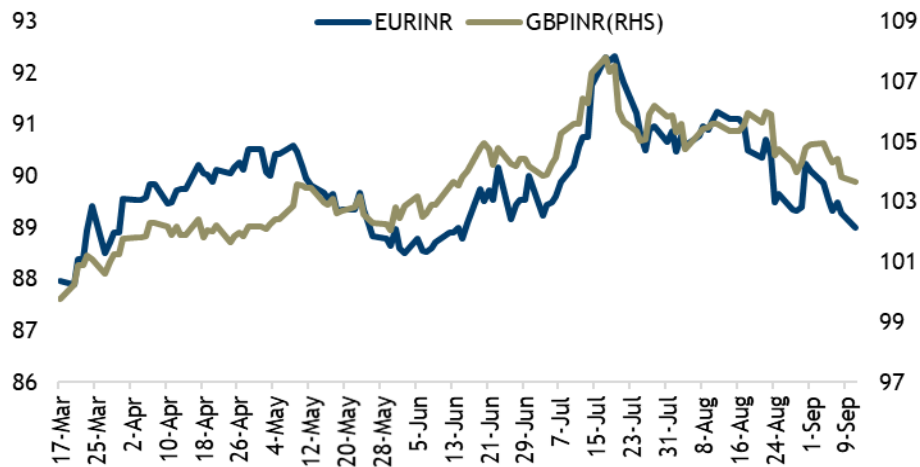
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended the day on a weaker note despite correction in the dollar and strong domestic equities. The higher crude oil prices capped the upside in the rupee.
- The pair is expected to face the hurdle near 83.20 and move back towards 82.80 amid weakness in the US dollar. Further, expectation of pause in Federal reserve interest rates in the September meeting may restrict the upside in the dollar index. Meanwhile, investors will keep an eye on today's domestic inflation numbers, which is expected to remain above the RBI's higher limit at 6%. USDINR is expected to appreciate towards 82.80, as long as it trades below 83.20

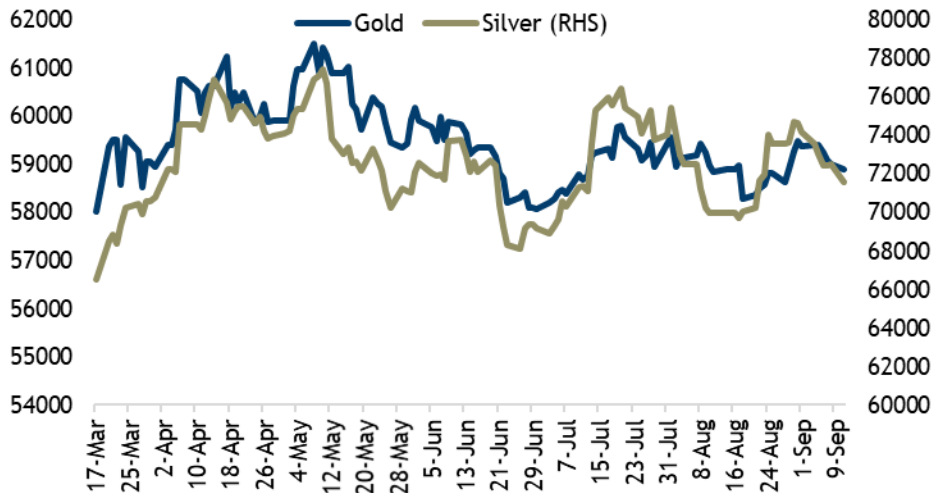
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained more than 0.40% on Monday amid weakness in the dollar. However, the gains were capped after the European commission cuts its 2023 Eurozone GDP forecast to 0.8% from an earlier projection of 1.1%. The pair is likely to remain in the range of 1.070-1.0750 ahead of the key economic numbers. Above 1.0750 it would extend its rebound towards 1.0780. EURINR is likely to find the support near 88.80 and move back towards 89.30 mark
- The pound edged higher amid correction in the dollar. The pair is expected to hold the support of 200 day EMA at 1.2450 and rebound towards 1.2550 amid softness in the dollar. Meanwhile, traders will eye on key job data from the region. GBPINR is expected to find support near 103.40 and move back towards 104.10.

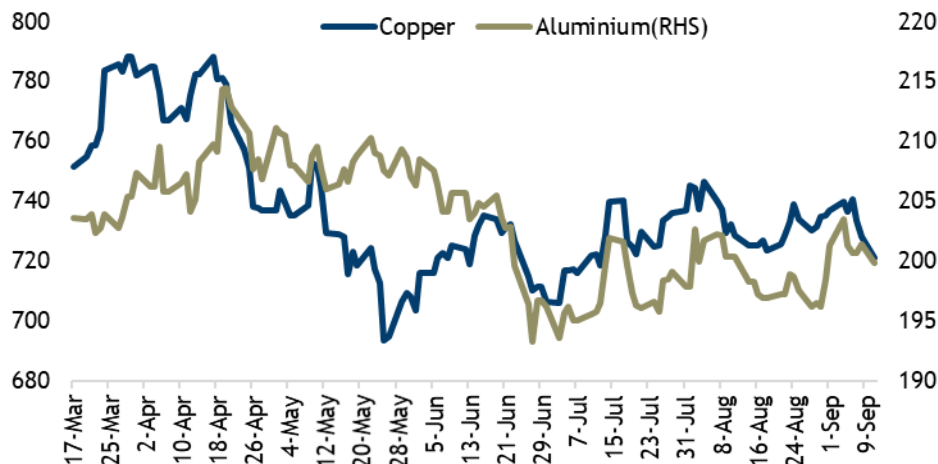
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise towards \$1930 levels as long as it sustains above \$1910 levels (200-Day EMA) amid weak dollar and expectation of correction in US treasury yields across curve. Further, investors will also focus on PPI and retail sales data along with inflation figures to get cues on interest rate outlook. US Federal Reserve is widely expected to hit pause button from upcoming meeting scheduled next week. As per CME Fed Watch tool investors now see a 92% chance of Fed holding its rate steady in September meeting
- MCX Gold prices is likely to move north towards 59,200 level as long as it trades above the support level of 58,750 levels
- MCX Silver is expected to rise back towards 72,700 level as long as it sustains above 71,500 level

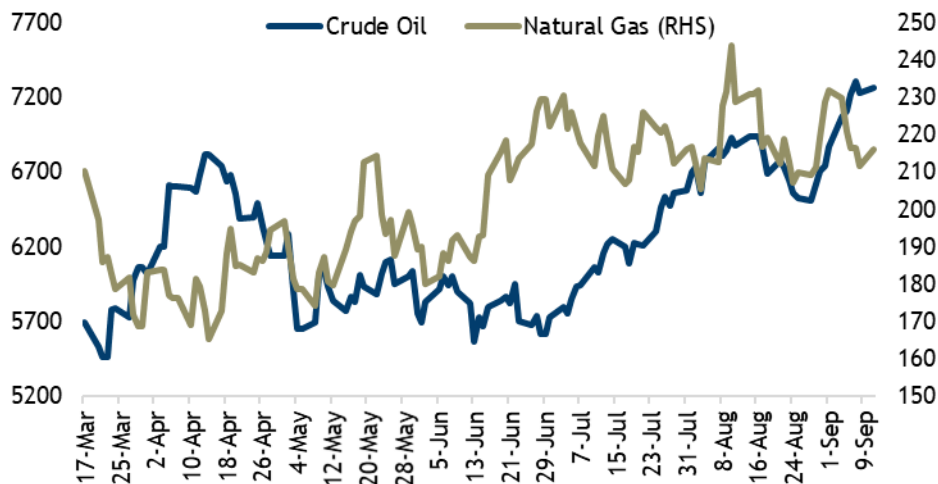
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar, appreciation in Chinese Yuan and as Chinese credit data boosted sentiments. Meanwhile, sharp upside may be capped on expectation of disappointing economic data from Euro Zone. Additionally, investors will also analyze Chinese housing data along with industrial output numbers due this week
- MCX Copper may rise further towards 737 levels as long as it trades above 727 levels
- MCX aluminium is expected to move upward towards 203.00 level as long as it holds the support level of 200.00 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face hurdle near \$88.20 and slip back towards \$86 level as economic concerns in major countries would weigh on fuel demand outlook. European Commission forecast euro zone to grow more slowly than previously expected in 2023 and 2024. Additionally, traders await a slew of economic data from US, UK and Europe that could give cues on interest rate outlook. Meanwhile, investors will await industry data on US crude stockpiles
- MCX Crude oil October is likely to slip back towards 7100 level as long as it sustains below 7260 levels
- MCX Natural gas is expected to move upwards towards 223 level as long as it stays above 210 level on forecast of mixed weather outlook

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59201	59285	59420	59504	59639
Silver	71329	71636	71966	72273	72603
Copper	722.1	728.4	731.8	738.1	741.5
Aluminium	201.5	202.4	203.0	203.8	204.4
Zinc	218.4	220.9	222.6	225.1	226.8
Lead	188.2	188.9	189.3	190.0	190.4
Crude Oil	7143	7195	7250	7302	7357
Nat Gas	208	213	216	220	224

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.79	82.94	83.03	83.18	83.27
US\$INR (Oct)	82.90	83.04	83.13	83.27	83.36
EURINR (Sep)	88.90	89.04	89.15	89.30	89.41
EURINR (Oct)	89.11	89.25	89.35	89.49	89.59
GBPINR (Sep)	103.45	103.69	103.93	104.17	104.41
GBPINR (Oct)	103.54	103.80	104.03	104.29	104.52
JPYINR (Sep)	56.55	56.65	56.84	56.94	57.13
JPYINR (Oct)	56.92	57.03	57.22	57.33	57.52

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.06	104.86	0.19%
US\$INR	83.21	83.14	0.09%
EURUSD	1.0696	1.0727	-0.29%
EURINR	89.16	89.22	-0.06%
GBPUSD	1.2472	1.2507	-0.28%
GBPINR	103.76	104.37	-0.59%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.177	7.209	-0.032
US	4.244	4.280	-0.0356
Germany	2.614	2.653	-0.039
UK	4.454	4.533	-0.079
Japan	0.657	0.660	-0.003

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
9/7/2023	8:30 PM	-6.3M	-2.06M
8/30/2023	8:00 PM	-10.6M	-2.2M
8/23/2023	8:00 PM	-6.1M	-2.9M
8/16/2023	8:00 PM	-6.0M	-2.4M
8/9/2023	8:00 PM	5.9M	2.1M
8/2/2023	8:00 PM	-17M	-0.9M
7/26/2023	8:00 PM	-0.6M	-2.20M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	134525	400	0.30%
Aluminium	495875	-3600	-0.72%
Zinc	141775	-1650	-1.15%
Lead	52550	-425	-0.80%
Nickel	38280	300	0.79%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 11, 2023						
1:30 PM	China	New Loans	1360B	1275B	346B	Medium
Tuesday, September 12, 2023						
11:30 AM	UK	Claimant Count Change		17.1K	29.0K	High
11:30 AM	UK	Average Earnings Index 3m/y		8.20%	8.20%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment		-15.00	-12.30	Medium
5:30 PM	India	Industrial Production		4.1%	3.7%	Medium
5:30 PM	India	Inflation Rate		6.8%	7.4%	High
Wednesday, September 13, 2023						
11:30 AM	UK	GDP m/m		-0.2%	0.5%	High
2:00 PM	Europe	Industrial Production m/m		-0.6%	1.8%	Medium
6:00 PM	US	CPI y/y		3.6%	3.2%	High
8:00 PM	US	Crude Oil Inventories		-	(-6.3)M	Medium
Thursday, September 14, 2023						
5:45 PM	Europe	Main Refinancing Rate		4.25%	4.25%	High
6:00 PM	US	PPI m/m		0.4%	0.3%	High
6:00 PM	US	Retail Sales m/m		0.2%	0.7%	High
6:00 PM	US	Unemployment Claims		225k	216k	High
6:15 PM	Europe	ECB Press Conference		-	-	High
Friday, September 15, 2023						
7:30 AM	China	Industrial Production y/y		3.9%	3.7%	High
7:30 AM	China	Retail Sales y/y		3.00%	2.50%	Medium
6:00 PM	US	Empire State Manufacturing Index		-9.50	-19.00	High
6:45 PM	US	Industrial Production m/m		0.20%	1.00%	High
7:30 PM	US	Prelim UoM Consumer Sentiment		69.20	69.50	High

Source: Bloomberg, Reuters, ICICI Direct Research



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