

October 6, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	October	Sell	700-701	692	705	Intraday
EURINR	October	Buy	87.68-87.70	88.10	87.50	Intraday

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News and Developments

- Gold prices steadied near its 7-month lows as the US treasury yields pulled back from 16-year highs ahead of the key US Non-Farm payroll data on Friday. Meanwhile, better than expected US weekly jobless claims checked the upside in the bullions. The weekly jobless claims remained near the 7-month low at 207000.
- The US dollar index declined more than 0.30% to 106.40 amid retreat in US treasury yields. Further dovish comments from the Fed member Daly also weighed on the dollar, when she emphasized to hold rates steady if the labor market and inflation moderates in futures.
- As per CME Fed watch tool expectations for Fed to keep rate steady at the next meeting increased to 79% from 76% a day ago.
- NYMEX Crude oil futures extended its decline on Thursday as signs of low demand offsets tight supply. The largest weekly build in almost two year for US stockpiles of gasoline has weakened the crude below the \$83 mark. Further, weaker economic numbers from Eurozone has diminished the bullish outlook in oil price.
- Copper prices remained under pressure as concerns of higher interest rates for longer period from the Federal reserve hampered the demand outlook of the metal. Further, growing concerns over growth in China has weighed on the metal to hit the lowest level in 4-months. Additionally, persistence rise in LME warehouse stocks suggested dismal demand of the red metal.
- NYMEX Natural gas hit its highest level in 9-months as smaller than expected storage build-up last week pushed the gas prices above the \$3.00 mark. EIA, reported a build of just 86 bcf, in storage of the fuel during the week to Sept. 29, versus the 94 bcf expected.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	56158	-0.33%	1820.30	-0.06%
Silver	66768	-0.17%	20.97	-0.17%
Copper	700.7	-0.38%	7899.00	-0.64%
Aluminium	206.6	0.07%	2232.00	-0.65%
Zinc	222.9	-0.40%	2476.50	-0.66%
Lead	186.9	0.03%	2135.50	0.85%
WTI Crude Oil	6920	-2.04%	82.31	-2.27%
US Nat Gas	265.8	6.19%	3.17	6.89%

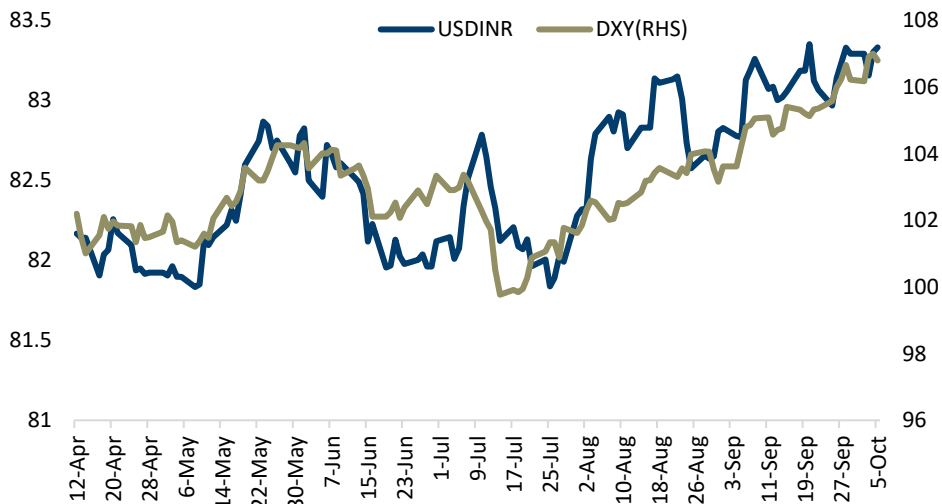
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.34	0.01%	5088877	371188	2201975	-671996
EURINR (27th oct)	87.74	0.05%	140431	8596	115639	-64270
GBPINR (27th Oct)	101.19	0.02%	201769	4874	146421	-109329

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	October	Buy	249-250	258	244	Target Achieved
USDINR	October	Sell	83.33-83.35	83.1	83.5	Exit

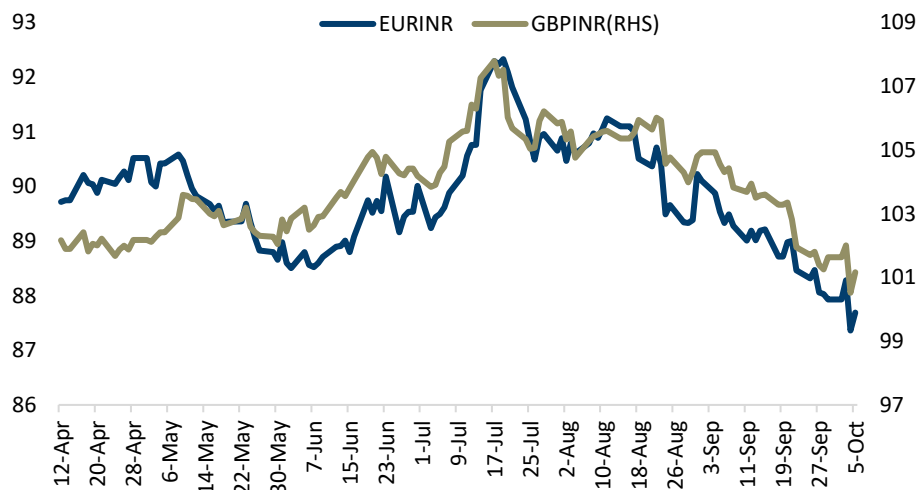
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee paired its initial gains and settled lower amid recovery in dollar and ahead of US weekly jobless claims data. Meanwhile, further weakness was prevented on recovery in domestic markets and soft crude oil prices
- Rupee is expected to appreciate today amid weakness in US dollar and decline in US treasury yields. Dollar dipped on dovish comments from San Francisco Fed President Daly. Meanwhile, investors will remain cautious ahead of job report from US that could help to determine whether Federal Reserve need to raise interest rates again next month. Additionally, RBI is likely to keep its repo rate unchanged. More focus will be on commentary on inflation and growth trajectory. USDINR is likely to slip back towards 83.20 levels as long as it sustains below 83.40 levels

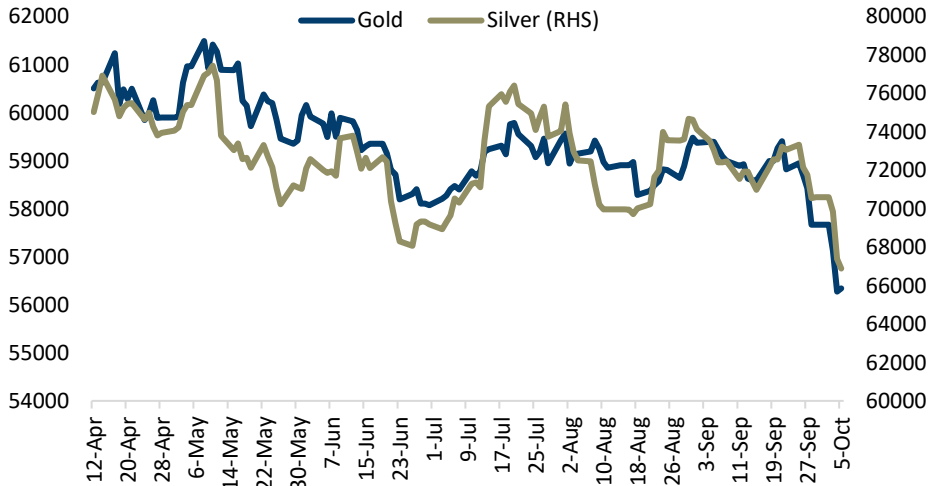
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro ended on positive note amid weakness in US dollar and hawkish statement from ECB Vice President de Guindos. However, weaker than expected economic data from Germany capped further upside in the pair. For today, EURUSD is likely to rise further towards 1.0600 levels as long as it remains above 1.050 levels amid soft dollar, hawkish comments from ECB officials and expectation of improved economic data from euro zone. EURINR may move north towards 88.10 level as long as it stays above support level of 87.50 levels
- Pound is expected to rise towards 1.2280 level amid soft dollar. Meanwhile, sharp upside may be capped as data showed biggest slump in UK construction activity since 2020. GBPINR is likely to rise towards 101.60 level as long as it trades above 101.00 level.

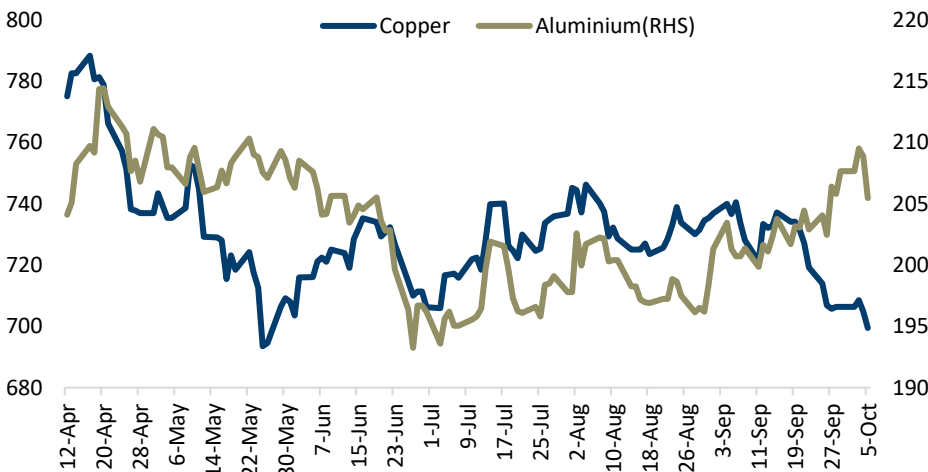
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to move in the range of \$1810-1833 ahead of key US Non-farm payroll data. Any surprise gain in the US job numbers would weaken the yellow metal towards the multi month support at \$1800. The US unemployment rate is expected to improve towards 3.7% and the earning growth also seems to improve in the previous month.
- MCX Gold prices is likely move inside the range of 56300 and 57100. Only a move below 56300 would open the doors towards 56,000 level. On the flip side a move above 57100, it may rise towards 57400.
- MCX Silver holds major support at 66400. A move below would weaken it towards 65500. On the upside 67800 would act as key resistance.

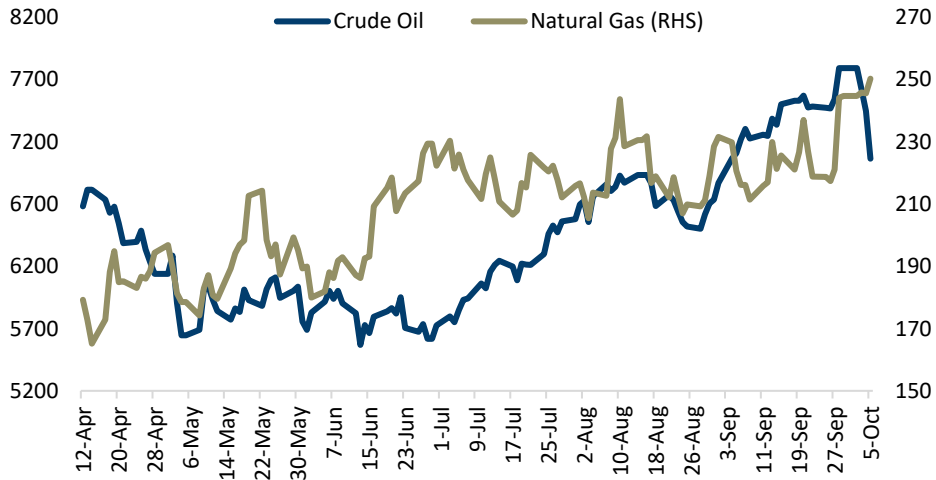
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid risk aversion in the global markets. Further higher inventory levels at LME registered warehouses and subdued demand in the physical markets amid holiday weekend in China would also weigh on the metal to trade lower. Meanwhile, investors will focus on the key US jobs data, which may bring more clarity on the future path of the interest rate cycle.
- MCX Copper is expected to weaken further towards 692 levels as long as it trades below 705 levels
- MCX aluminium is expected to move downward to 203 level as long as it stays below resistance level of 208 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to weaken further towards \$80, as long as it trades under the \$85 level amid growing concerns over demand. The weakness in crude oil crack spread to a 20-month low has pushed the refiners on the back seat to purchase oil for refining. Further, higher borrowing cost for longer period will hurt the global growth outlook and weaken the oil demand. Meanwhile, investors will remain cautious ahead of the key US job report.
- MCX Crude oil is likely to move towards 6800 level as long as it sustains below 7150 levels
- MCX Natural gas is expected to find support near 258 and extend its gains towards 272 level amid forecast of cool weather in eastern states of US over the next 10 days.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	56011	56084	56149	56222	56287
Silver	65895	66332	66968	67405	68041
Copper	696.6	698.6	702.4	704.5	708.3
Aluminium	205.4	206.0	206.6	207.2	207.7
Zinc	221.1	222.0	223.4	224.3	225.6
Lead	186.2	186.5	186.9	187.2	187.6
Crude Oil	6736	6828	6959	7051	7182
Nat Gas	241	253	260	273	279

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.21	83.28	83.33	83.40	83.45
US\$INR (Nov)	83.34	83.40	83.45	83.52	83.57
EURINR (Oct)	87.52	87.63	87.71	87.82	87.91
EURINR (Nov)	87.74	87.85	87.93	88.04	88.12
GBPINR (Oct)	100.82	101.01	101.20	101.38	101.57
GBPINR (Nov)	101.01	101.18	101.36	101.53	101.72
JPYINR (Oct)	56.01	56.12	56.24	56.34	56.46
JPYINR (Nov)	56.38	56.47	56.59	56.69	56.81

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.33	106.80	-0.44%
US\$INR	83.26	83.24	0.02%
EURUSD	1.0550	1.0504	0.44%
EURINR	87.49	87.38	0.13%
GBPUSD	1.2192	1.2135	0.47%
GBPINR	100.94	100.96	-0.02%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.215	7.236	-0.021
US	4.719	4.733	-0.0144
Germany	2.878	2.919	-0.041
UK	4.542	4.579	-0.037
Japan	0.812	0.809	0.003

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
9/13/2023	8:00 PM	4.0M	-2.2M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	169900	1475	0.88%
Aluminium	500850	-2000	-0.40%
Zinc	95975	-1550	-1.59%
Lead	83600	4700	5.96%
Nickel	42384	210	0.50%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 02, 2023						
7:30 PM	US	ISM Manufacturing PMI	49.00	47.80	47.60	High
8:30 PM	US	Fed Chair Powell Speaks	-	-	-	High
Tuesday, October 03, 2023						
7:30 PM	US	JOLTS Job Openings	9.61M	8.85M	8.83M	High
Wednesday, October 04, 2023						
1:30 PM	Europe	Final Services PMI	48.70	48.40	48.40	High
11:30 AM	Europe	ECB President Lagarde Speaks	-	-	-	Medium
2:30 PM	Europe	Retail Sales m/m	-1.20%	-0.50%	-0.20%	Medium
All Day	All	OPEC-JMMC Meeting	-	-	-	Medium
6:00 PM	US	ADP Non-Farm Employment Change	89K	155k	177k	High
8:00 PM	US	ISM Services PMI	53.60	53.50	54.50	High
8:00 PM	US	Crude oil Inventories	-2.2M	-0.1M	-2.2M	Medium
Thursday, October 05, 2023						
2:00 PM	UK	Construction PMI	45.00	50.00	50.80	Medium
6:00 PM	US	Unemployment Claims	207K	211K	204K	High
Friday, October 06, 2023						
10:00 AM	India	RBI Interest Rate decision		6.5%	6.5%	High
11:30 AM	Europe	German Factory Orders m/m		1.6%	-11.7%	Medium
6:00 PM	US	Average Hourly Earnings m/m		0.3%	0.2%	High
6:00 PM	US	Non-Farm Employment Change		168k	187k	High
6:00 PM	US	Unemployment Rate		3.7%	3.8%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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