

October 31, 2023

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Sell	707.50-708	701	712	Intraday
GBP/INR	November	Sell	101.30-101.32	100.90	101.50	Intraday

## Research Analysts

**Raj Deepak Singh**

rajdeepak.singh@icicisecurities.com

**Saif Mukadam**

saif.mukadam@icicisecurities.com

**Anup Sahu**

anup.sahu@icicisecurities.com

## News and Developments

- Spot Gold prices closed on negative note yesterday amid elevated US treasury yields but hovered near the key psychological level of \$2000 due to rise in demand for safe haven
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting decline to 97.1% from 98.0% a day ago while, prospects for decrease by 25bps in November meeting has moved up to 2.9% from 2.0% a day ago
- Yield on benchmark US 10-year treasury note rose to 4.894% and 2-year treasury yield, which typically moves in step with interest rate expectations moved higher to 5.054%. Sharp upside in yields were capped after the Treasury Department said it expects to borrow \$76 billion less this quarter than anticipated in the third quarter on expectations of higher revenue receipts. The Treasury said it expects to borrow \$776 billion in the fourth quarter, down from \$852 billion the prior quarters
- Japan Prelim Industrial production data showed activity in sector improved by 0.2% in September compared to -0.7% in August
- Crude oil prices slipped more than 3% yesterday as investors grew cautious ahead of major central bank monetary policy. Meanwhile, further downside was cushioned on soft dollar
- World Bank said it expected global oil prices to average \$90 a barrel in the fourth quarter and \$81 in 2023 as slowing growth eases demand, but warned that an escalation of the Middle East conflict could spike prices significantly higher
- Copper prices rallied yesterday on signs of steady growth in China, declining inventories and soft dollar

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61280	0.20%	1996.10	-0.51%
Silver	74249	3.53%	23.34	0.93%
Copper	708.6	0.25%	8140.50	0.51%
Aluminium	207.0	0.75%	2266.50	2.09%
Zinc	223.2	0.70%	2465.50	-0.24%
Lead	186.2	0.11%	2121.50	-0.07%
WTI Crude Oil	6839	-3.46%	82.31	-3.78%
US Nat Gas	299.7	1.46%	3.35	5.94%

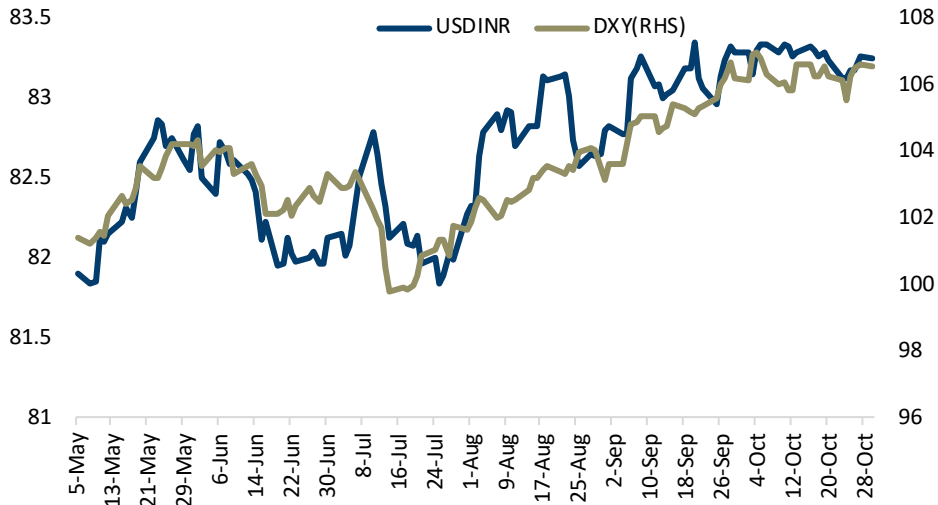
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.31	0.07%	5267477	2397278	749066	-1137335
EURINR (27th oct)	88.23	0.37%	107021	76918	155241	95248
GBPINR (27th Oct)	101.06	0.14%	181681	145998	225605	108672

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	December	Buy	61050-61100	61500	60850	Profit Booked
GBPINR	November	Sell	101.18-101.20	100.80	101.40	Not Initiated

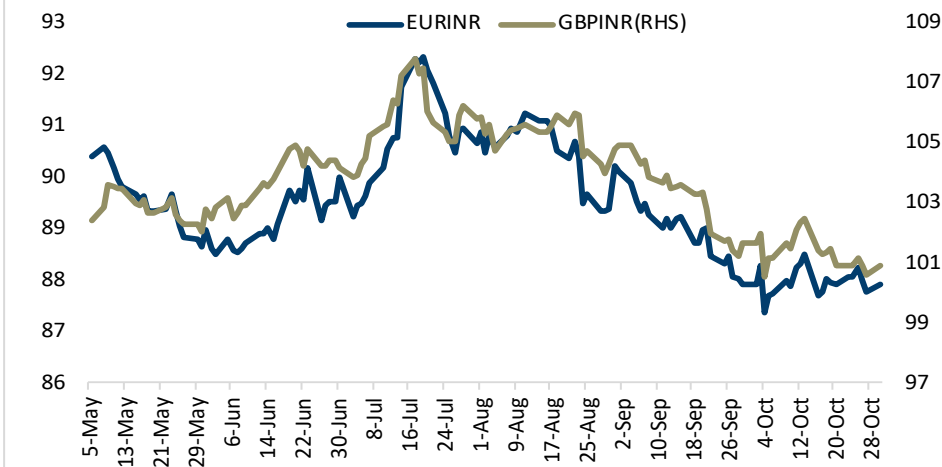
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended flat yesterday as month end dollar demand from importers overshadowed improved domestic market sentiments and strength in other Asian currencies
- Rupee is expected to appreciate today majorly on the back of weakness in dollar and soft US treasury yields. Further, rupee may gain strength on softening of crude oil prices. Meanwhile, sharp gains may be limited on weak global market sentiments and FII outflows. Additionally, investors will remain cautious ahead of BOJ monetary policy, to see whether central bank could further tweak a key bond yield policy tool. USDINR is likely to rise towards 83.40 level as long as it sustains above 83.25 levels

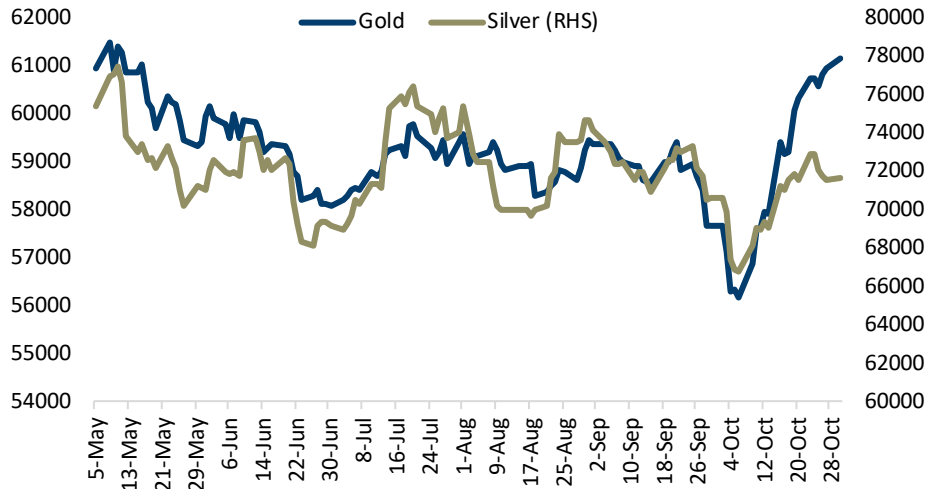
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged higher on Monday amid weak dollar and improved global market sentiments. However, sharp upside was capped as data showed inflation in Germany eased noticeably in October, while Europe's largest economy shrank slightly in the Q3 2023. For today, EURUSD is likely to rise further towards 1.0650 levels as long as it remains above 1.0560 level amid soft dollar. Meanwhile, investors will remain cautious ahead of CPI data to get more clarity on interest rate outlook. EURINR Nov may move north towards 88.75 level as long as it stays above 88.00 levels
- Pound is expected to dive towards 1.2080 level amid pessimistic global market sentiments and ahead of an interest rate decision by the BOE, where expectations are for the central bank to stand pat. GBPINR is likely to edged lower towards 100.80 as long as it trades below 101.50 level.

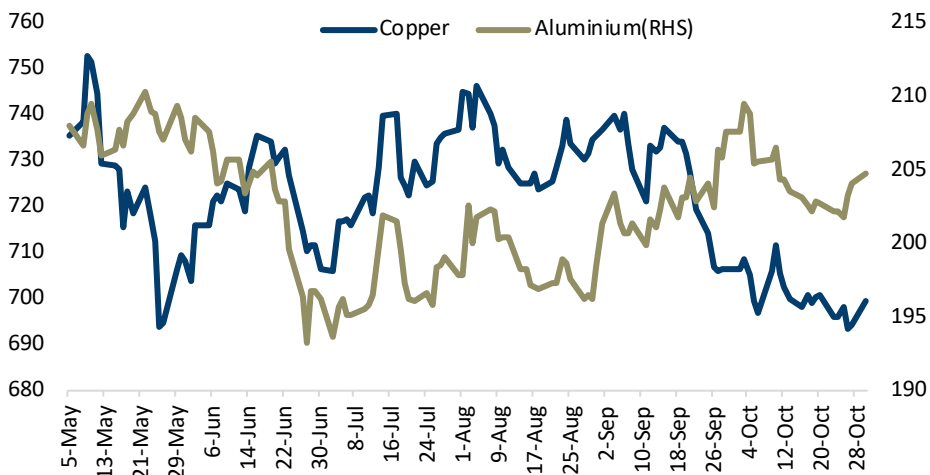
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely rise towards \$2005 level as long as it holds the support of \$1985 levels amid weak dollar and soft US treasury yields. Further, demand for safe haven may rise on ongoing conflict between Hamas and Israel. Investors fear that this conflict may spill over and trigger another multi-front war in the region as Israel is expanding its ground incursion into Gaza. Meanwhile, investors will remain cautious ahead of BOJ monetary policy decision.
- MCX Gold prices is likely to move further north towards 61,500 level as long as it trades above the support level of 61,000 levels
- MCX Silver is expected to rise further till 73,500 level as long as it sustains above 72,000 level.

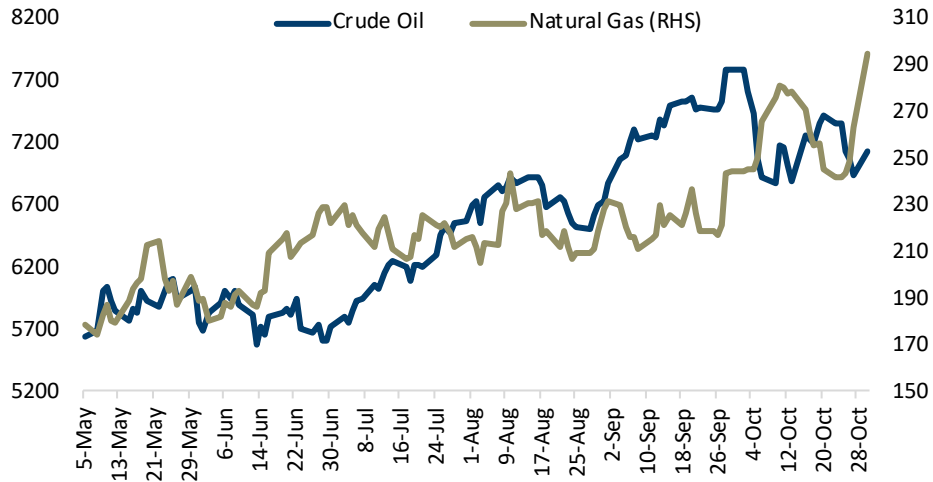
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias on risk aversion in the global markets and weaker than expected economic data from China. Data showed activity in manufacturing sector contracted unexpectedly in October while, non-manufacturing activity grew at a slower pace. China's composite PMI stood at 50.7 in October compared to 52.0 in September, weakest reading since December 2022
- MCX Copper is likely to slip towards 701 level, as long as it stays below 712 level. A move below 701 would open the doors towards 695.
- MCX aluminium is expected to face hurdle near 207.50 level and move towards 205.50 mark.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to find the support near \$81.80 levels and bounce back towards \$84.00 levels amid weak dollar and escalating conflict between Hamas and Israel. Israel intensified its ground operation in Gaza strip, stirring fears of wider conflict ahead of major central bank meetings. However, sharp upside may be capped on weaker than expected economic data from China. Manufacturing activities in China unexpectedly contracted in October, raising concern over economic health and fuel demand
- MCX Crude oil is likely to find support near 6800 levels and rise back towards 7100 levels.
- MCX Natural gas November is expected to face hurdle near 285 level and move south towards 270 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60976	61128	61262	61414	61548
Silver	71036	72642	73446	75052	75856
Copper	703.4	706.0	709.6	712.2	715.8
Aluminium	204.7	205.9	206.5	207.7	208.3
Zinc	220.0	221.6	222.4	224.0	224.8
Lead	185.7	186.0	186.2	186.5	186.7
Crude Oil	6680	6759	6888	6967	7096
Nat Gas	270	285	292	307	315

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.26	83.29	83.31	83.34	83.37
US\$INR (Nov)	83.35	83.38	83.40	83.43	83.45
EURINR (Oct)	87.92	88.07	88.17	88.33	88.43
EURINR (Nov)	88.10	88.25	88.36	88.51	88.61
GBPINR (Oct)	100.68	100.87	101.01	101.20	101.34
GBPINR (Nov)	100.85	101.03	101.16	101.34	101.47
JPYINR (Oct)	55.84	55.91	56.04	56.10	56.23
JPYINR (Nov)	56.15	56.25	56.39	56.48	56.62

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.12	106.56	-0.41%
US\$INR	83.25	83.25	0.00%
EURUSD	1.0615	1.0565	0.47%
EURINR	88.08	87.94	0.16%
GBPUSD	1.2170	1.2122	0.40%
GBPINR	100.96	101.03	-0.07%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.371	7.356	0.015
US	4.894	4.835	0.0596
Germany	2.822	2.832	-0.01
UK	4.561	4.544	0.017
Japan	0.892	0.881	0.011

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	178400	-2200	-1.22%
Aluminium	476725	-2000	-0.42%
Zinc	81600	5075	6.63%
Lead	126575	1350	1.08%
Nickel	45144	-420	-0.92%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 30, 2023						
All Day	Europe	German Prelim CPI m/m	0.00%	0.20%	0.30%	High
1:30 PM	Europe	Spanish Flash CPI y/y	3.50%	3.80%	3.50%	Medium
2:30 PM	Europe	German Prelim GDP q/q	-0.10%	-0.20%	0.00%	Medium
Tuesday, October 31, 2023						
7:00 AM	China	Manufacturing PMI	49.5	50.2	50.2	High
7:00 AM	China	Non-Manufacturing PMI	50.6	51.8	51.7	High
Tentative	Japan	BOJ Policy Rate	-	-0.10%	-0.10%	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	3.10%	4.30%	Medium
6:00 PM	US	Employment Cost Index q/q	-	1.00%	1.00%	High
7:15 PM	US	Chicago PMI	-	45	44.1	Medium
7:30 PM	US	CB Consumer Confidence	-	100.1	103	High
Wednesday, November 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	-	50.8	50.6	Medium
5:45 PM	US	ADP Non-Farm Employment Change	-	141K	89K	High
7:30 PM	US	ISM Manufacturing PMI	-	49	49	High
7:30 PM	US	JOLTS Job Openings	-	9.27M	9.61M	High
8:00 PM	US	Crude Oil Inventories	-	-	1.4M	Medium
11:30 PM	US	Federal Funds Rate	-	5.50%	5.50%	High
Thursday, November 02, 2023						
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:00 PM	US	Unemployment Claims	-	210K	210K	High
Friday, November 03, 2023						
7:15 AM	China	Caixin Services PMI	-	51.2	50.2	Medium
6:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.20%	High
6:00 PM	US	Non-Farm Employment Change	-	182K	336K	High
6:00 PM	US	Unemployment Rate	-	3.80%	3.80%	High
7:30 PM	US	ISM Services PMI	-	53.2	53.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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