

December 19, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	61850-61860	62200	61700	Intraday
GBPINR	December	Buy	105.0-105.02	105.40	104.80	Intraday

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News and Developments

- Gold prices moved in a tight range as focus shifted towards the key US inflation number this week. The dollar index also traded in a tight range as better than expected US NAHB housing index report and hawkish comments from the Cleveland Fed President Mester supported the dollar to settle near 102.50.
- On the data front, US Builder sentiments marked an improvement for the first time in last four months on declining mortgage rates by around 50 bps over the past month
- The 10 year US treasury yields remained close to 3.95% and the 2 year US treasury yields held steady near 4.45%.
- The CME FedWatch tool indicates more than 64% probability of 25 bps rate cut in March 2024, where as probability of another rate cut in May remained steady near 50%.
- NYMEX Crude oil futures rallied more than 2% on Monday as rising attacks in the Red sea disrupted the oil shipments. British Petroleum has temporarily paused its all transits through the rout. However, ample of supply limited any major up move in Crude oil futures. Meanwhile, Saudi Arabia's crude oil exports in October hit their highest level in four months.
- Copper prices edged lower on Monday amid concerns over weak demand from China. But mine closure and supply disruption from major mines limited the downside in the red metal.
- NYMEX natural gas extended its gains on Monday and hit the highest level in a week amid improved seasonal demand. Gas flows to the seven big U.S. LNG export plants have risen to an average of 14.7 bcf per day so far in December, up from a record 14.3 bcfpd in November.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62291	0.16%	2027.19	0.37%
Silver	74410	-0.15%	23.80	-0.21%
Copper	720.8	-0.67%	8482.50	-0.78%
Aluminium	204.8	0.96%	2283.00	1.58%
Zinc	224.0	0.36%	2539.00	0.28%
Lead	182.7	-0.79%	2058.00	-1.13%
WTI Crude Oil	6076	2.08%	72.47	1.46%
US Nat Gas	214.0	1.71%	2.50	0.48%

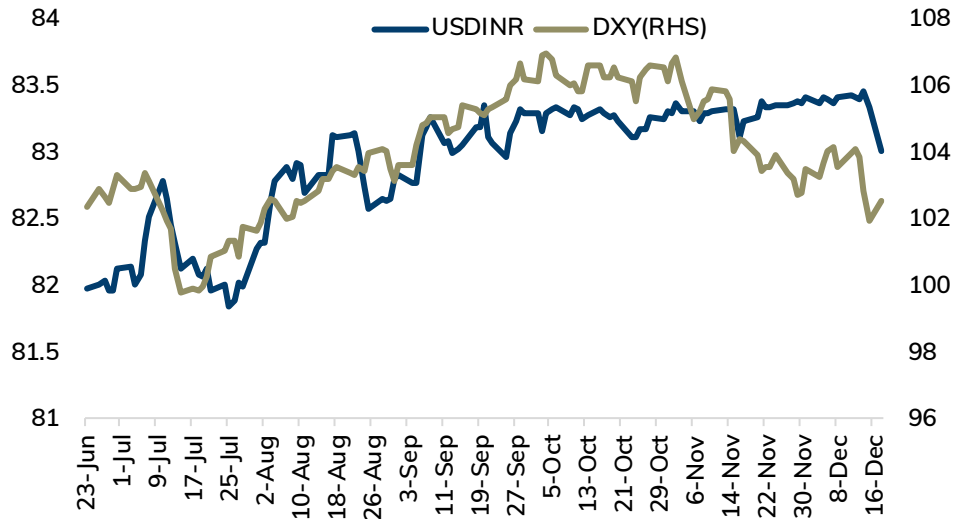
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.08	0.08%	3932389	-215725	2366458	-1536262
EURINR (27th Dec)	90.66	-0.41%	145121	-69	171778	-48542
GBPINR (27th Dec)	105.17	-0.79%	180257	-45037	217461	-37385

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	December	Buy	722-722.5	730	718	Exit in Loss
EURINR	December	Sell	90.68-90.70	90.30	90.90	Profit Booked

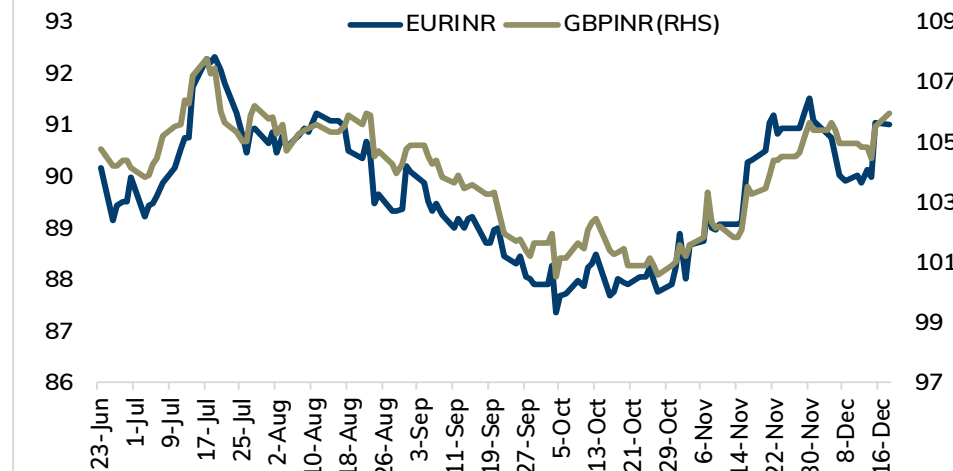
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid recovery in dollar and subdued domestic markets. Further, demand for dollar from importers weighed on rupee
- Rupee is likely to appreciate today amid weakness in dollar and softening of US treasury yields. Further, rise in risk appetite in the global markets and persistent FII inflows will lend support to domestic pair. Market sentiments have improved after major central banks signaled possible rate cuts next year. Meanwhile, investors will remain cautious ahead of housing data from US to gauge economic health of the country and get further cues on interest rate path. USDINR may slip towards 82.90 level as long as it stays below 83.20 level

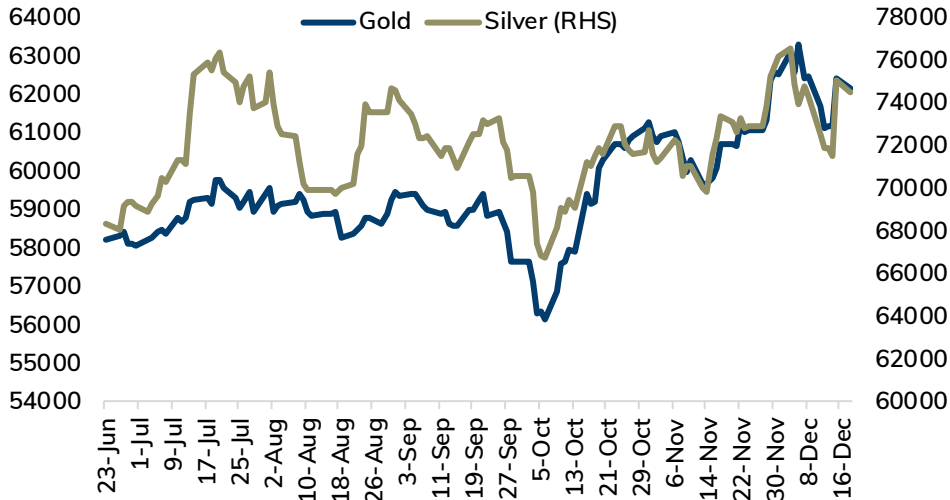
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.27% yesterday amid soft dollar and hawkish comments from ECB policymakers. ECB Governing Council members Kazimir and Vasle pushed back early next year rate cut speculation. Meanwhile, sharp upside was capped as German business confidence fell unexpectedly in December. For today, EURUSD is likely to hold the support near 1.0880 level and rise back towards 1.0950 level amid weakness in dollar and hawkish comments from ECB policymakers. EURINR may rise towards 91.20 level as long as it trades above 90.60 levels
- Pound is likely to rise towards 1.2710 level amid weak dollar. Further, BOE is likely to keep rate's higher for longer duration compared to US Fed and ECB as inflation has proved a lot more stubborn in Britain. GBPINR is likely to move north towards 105.40 level as long as it stays above 104.80 levels

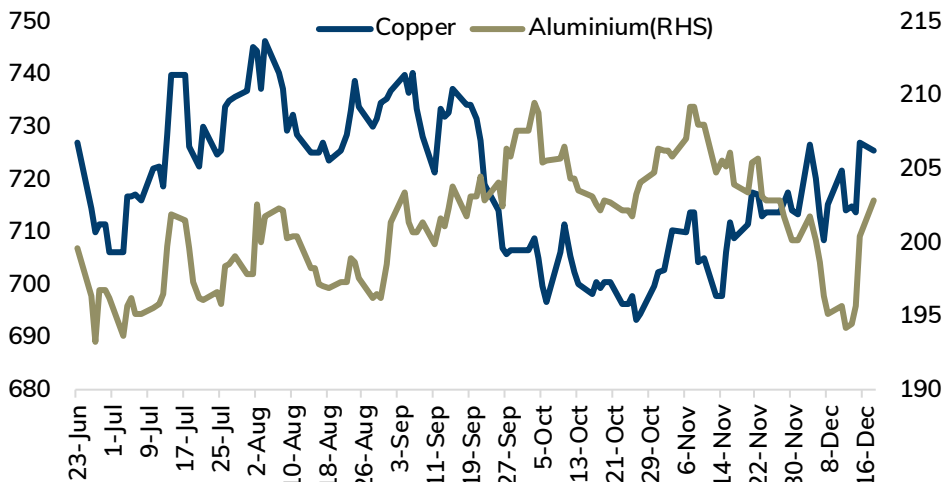
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to rise towards the \$2045 mark, as long as it holds above \$2010 level. Softness in the US dollar index and decline in the treasury yields would support the bullions to regain its momentum. Expectation of weaker US building permits and housing starts would weigh on the dollar and support the bullions to trade higher. The CME fed-watch tool indicates more than 64% probability of rate cut in March 2024. Meanwhile, focus will remain on the outcome of BOJ policy decision.
- MCX gold is expected to hold the 10 day EMA support at 61900 and rise again towards 62,600. Only close below 61900 would open the doors towards 61600.
- MCX silver is likely to follow the yellow metal and move towards 75,000, as long as it trades above 73,800.

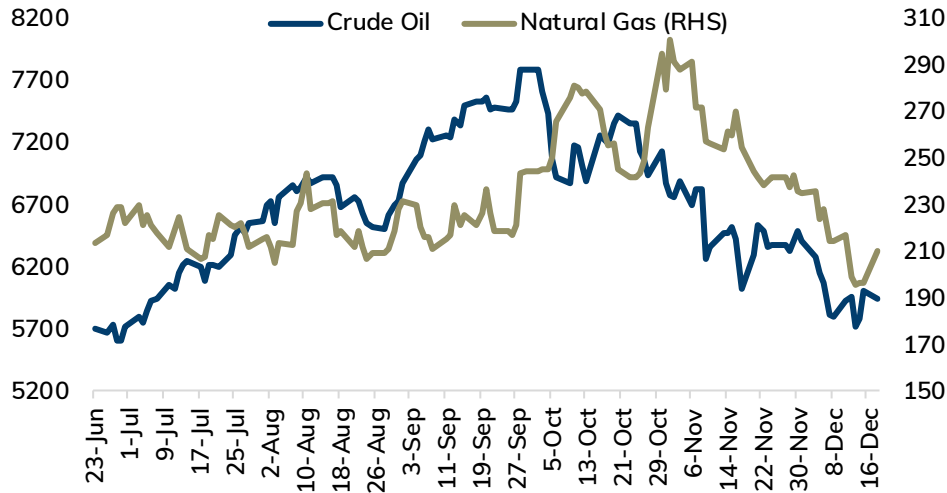
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to weaken further amid concerns over weak demand from top consumer China and expectation of weakness in the housing sector growth in US. However, supply disruption from major producing mines would limit the downside in the metals
- MCX Copper December is expected to slide towards the immediate support near 717, as long as it trades under the 726 mark. Only a move below 717, it would slide towards 713.
- MCX Aluminium is expected to find support near 202 and move higher towards 206. Only close below 202, it could correct towards 200 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are expected to move back towards the \$74 mark as attacks on the ships in Red sea disrupted the maritime trade and forced companies to reroute the vessels. This rerouting will increase the cost of transportation and push the oil prices higher. Meanwhile, well supplied oil markets could limit any major upside in the NYMEX crude to go beyond the \$74 level.
- MCX Crude oil January is likely to find support near 6040 and move towards 6280 level. Only above 6280 it would rise towards 6350
- MCX Natural gas December future is likely to rise towards 218, as long as it trades above the 204 mark. Improved gas exports and expectation of winter demand would support the gas prices to hold its gains.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61785	62038	62203	62456	62621
Silver	73695	74053	74416	74774	75137
Copper	715.5	718.2	722.8	725.4	730.0
Aluminium	201.3	203.0	204.3	206.0	207.3
Zinc	221.3	222.7	223.6	225.0	225.9
Lead	180.7	181.7	183.2	184.2	185.8
Crude Oil	5707	5892	6023	6208	6339
Nat Gas	204	209	213	218	221

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	82.88	82.98	83.03	83.13	83.19
US\$INR (Jan)	82.98	83.07	83.12	83.21	83.27
EURINR (Dec)	90.37	90.52	90.66	90.81	90.95
EURINR (Jan)	90.58	90.71	90.85	90.97	91.11
GBPINR (Dec)	104.88	105.02	105.26	105.40	105.64
GBPINR (Jan)	104.99	105.14	105.39	105.55	105.80
JPYINR (Dec)	58.11	58.21	58.37	58.47	58.62
JPYINR (Jan)	58.50	58.60	58.76	58.86	59.02

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.56	102.55	0.01%
US\$INR	83.06	83.00	0.07%
EURUSD	1.0924	1.0895	0.27%
EURINR	90.70	90.98	-0.31%
GBPUSD	1.2648	1.2681	-0.26%
GBPINR	105.22	106.04	-0.77%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.158	7.163	-0.005
US	3.931	3.911	0.0204
Germany	2.079	2.016	0.063
UK	3.695	3.687	0.008
Japan	0.680	0.696	-0.016

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	172450	-3100	-1.77%
Aluminium	504475	59850	13.46%
Zinc	205950	-2525	-1.21%
Lead	130800	2650	2.07%
Nickel	51840	2664	5.42%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 18, 2023						
2:30 PM	Europe	German ifo Business Climate	86.4	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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