

September 18, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	October	Buy	58850-58900	59300	58650	Intraday
USDINR	September	Sell	83.20-83.22	83.00	83.30	Intraday

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News and Developments

- Spot Gold prices edged higher on Friday amid soft dollar and rise in demand for safe haven. Further, mixed batch of economic data from US cemented expectations that Fed would hit a pause button next week. Industrial production beat expectations and University of Michigan consumer inflation expectations cooled down
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 99% while, prospects for increase by 25bps in November meeting has come down to 31.5%
- Yield on benchmark US 10-year treasury note was up by 2.8 basis points to 4.318% and 2-year treasury yield, which typically moves in step with interest rate expectations rose by 1.6 basis point to 5.030%
- US Dollar retreated after data showed dip in consumer sentiment and as consumer expect inflation to subside on both 1 year and 5 year basis.
- University of Michigan report showed consumers 12-month inflation expectations fell to 3.1% in September, the lowest since March 2021, from 3.5% last month. The University of Michigan's preliminary reading of its Consumer Sentiment Index dropped to 67.7 this month from a final reading of 69.5 in August
- Crude oil prices continued to move higher hitting 10 month high, on expectations of tighter supplies in coming months and optimism around Chinese demand
- Copper prices edged lower on Friday amid rising inventories at LME and SHFE registered warehouses. Additionally, in US the United Auto Workers union began simultaneous strikes at three factories owned by General Motors, Ford and Chrysler-owner Stellantis, marking the most ambitious U.S. industrial labor action in decades

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58993	0.69%	1923.91	0.69%
Silver	72154	1.65%	23.04	1.71%
Copper	734.2	-0.40%	8405.50	-0.14%
Aluminium	201.7	-1.01%	2190.00	-1.55%
Zinc	223.4	-1.15%	2520.50	-1.93%
Lead	189.7	0.64%	2261.00	0.71%
WTI Crude Oil	7531	0.40%	90.77	0.68%
US Nat Gas	221.1	-1.99%	2.64	-2.36%

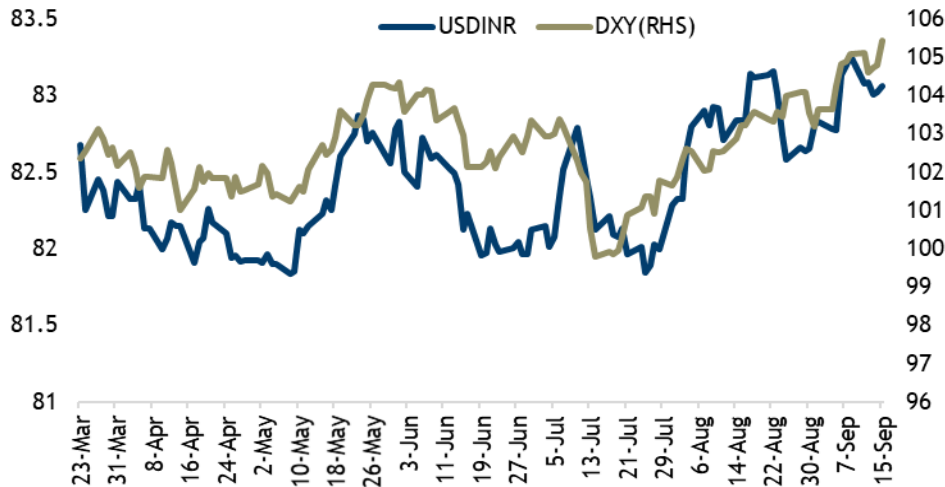
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.19	0.16%	3596406	-102907	2145367	860359
EURINR (26th Sep)	88.72	-0.56%	119914	1208	151896	77155
GBPINR (26th Sep)	103.28	-0.31%	198291	3691	178302	50851

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	September	Buy	734.50-735	743	730	Exit At cost
GBPINR	September	Sell	103.50-103.52	103.10	103.70	Not Initiated

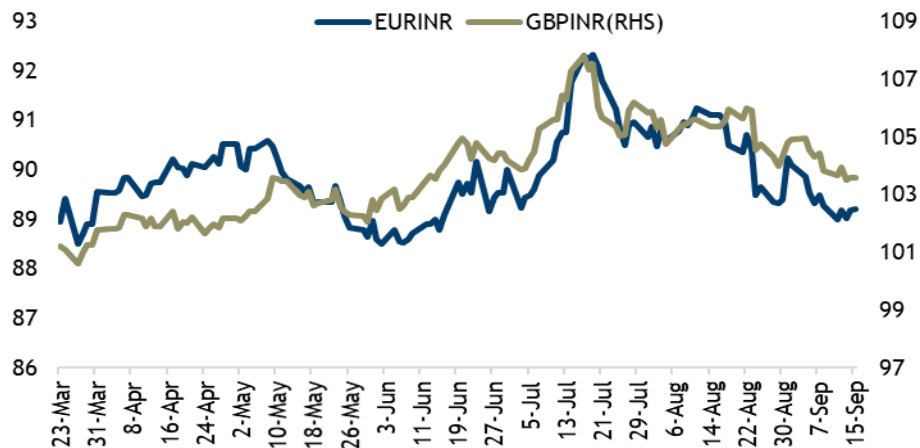
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated to the lowest level on Friday amid stronger dollar and higher crude oil prices. Further higher than expected trade deficit numbers in August weighed on the rupee to settle above the 83.00 mark. The August trade deficit numbers widened to \$-24.2B against forecast of \$-21B.
- USDINR is expected to face the hurdle near 83.30 and move back towards 83.00 amid softness in dollar. Further growing optimism of Fed pause in its next policy could restrict its upside. The probability of no hike in the next Fed policy remained steady at 99% mark. USDINR is expected to face stiff resistance near 83.30. Only a move above 83.30 would open the doors towards 83.50.

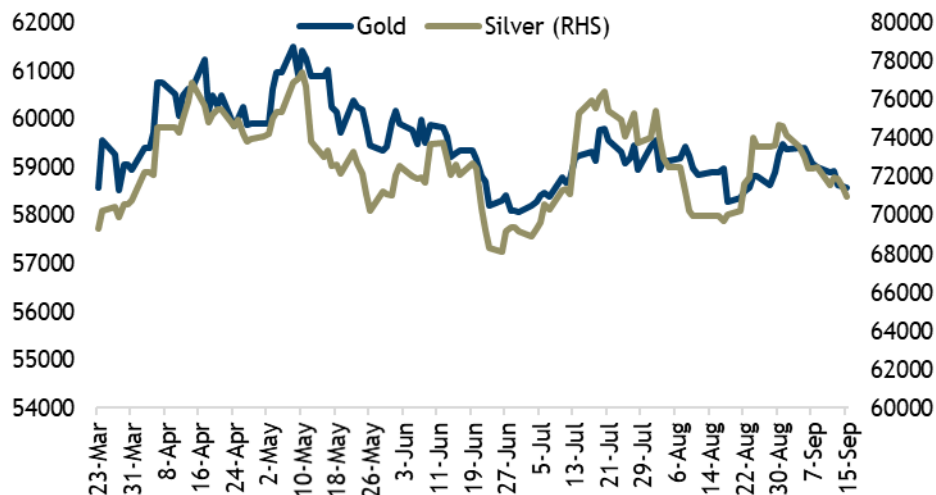
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro took a pause after declining to the lowest level in last 5-months amid retreat in the dollar. Further hawkish comments from the ECB president supported the recovery. The pair is expected to rise towards 1.07, as long as it holds the support of 1.0630. EURINR is likely to find support near 88.30 and move higher towards 89.00. Only a move above 89.00 would push the pair towards 89.50.
- The pound remained under pressure on Friday and slide below the 1.24 mark amid disappointing economic numbers in the region. The pair is expected to face the hurdle near 1.2450 and move towards 1.2330. However, expectation of 25 bps hike by the BOE in its next policy could limit its downside. GBPINR is expected to remain under pressure as long as it trades under 103.80. On the downside 102.80 holds key support.

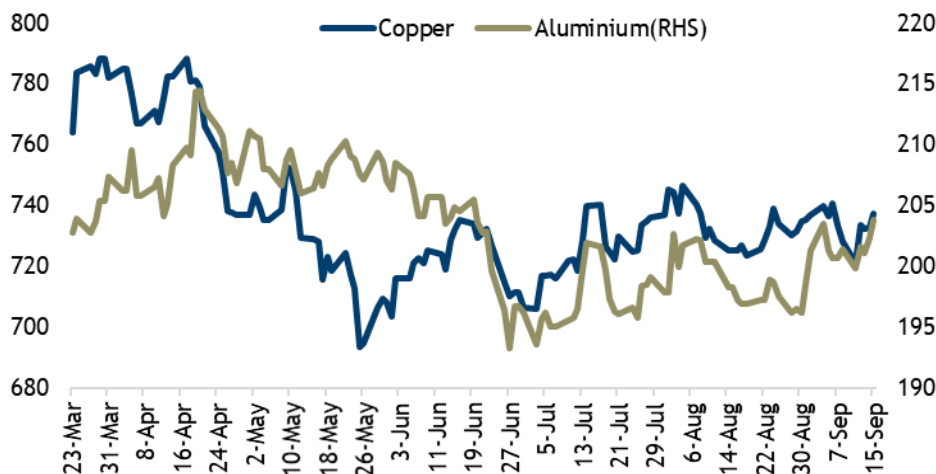
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise back towards \$1935 levels as long as it sustains above \$1910 levels amid expectation of correction in dollar and US treasury yields. Further, market participants will look forward for more clarity on interest rate outlook from Fed meeting this week, in which central bank is widely expected to hold rates unchanged
- MCX Gold prices is likely to move further north towards 59,300 level as long as it trades above the support level of 58,700 levels
- MCX Silver is expected to rise further towards 73,000 level as long as it sustains above 71,500 level

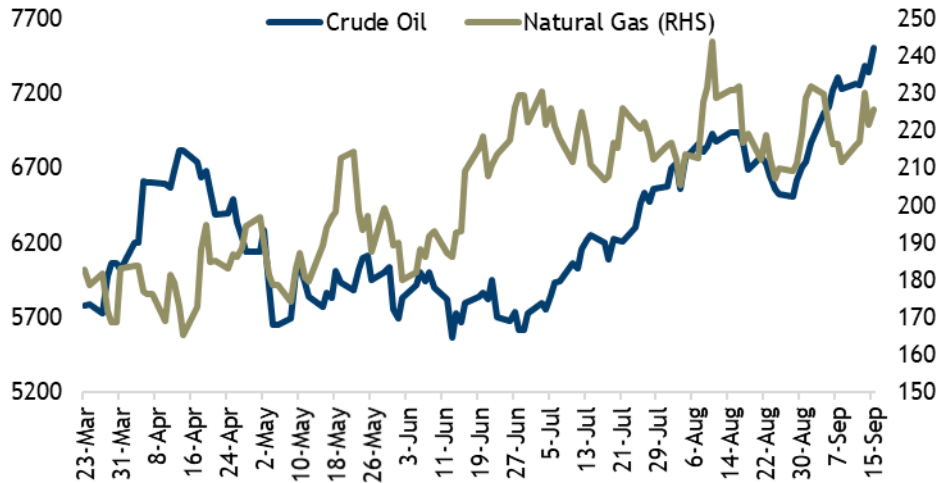
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid expectation of correction in dollar and as upbeat economic data from China showed signs that its economy is stabilizing. Further, prices may rally on hopes that major central banks across globe are done with their rate hike cycle. Meanwhile, rising inventories at LME registered warehouses may cap sharp upside in prices. Copper stocks are at their highest since October 2022
- MCX Copper may rise back towards 740 levels as long as it trades above 730 levels
- MCX aluminium is expected to move downward towards 200.50 level as long as it stays below resistance level of 203.00 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further till \$92 amid expectation of correction in dollar and ongoing concerns over tighter global oil supply. Further, prices may rally on hopes that energy demand in China will improve, as several stimulus from China will aid economic recovery. Additionally, prices may rally on expectations that major central banks are nearing the end of rate hike cycle
- MCX Crude oil October is likely to rise further towards 7600 level as long as it sustains above 7340 levels
- MCX Natural gas is expected to move downwards towards 210 level as long as it stays below 225 level on forecast for cooler US temperatures next week

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58463	58728	58938	59203	59413
Silver	70632	71393	72021	72782	73410
Copper	727.4	730.8	736.6	740.0	745.9
Aluminium	199.1	200.4	202.6	203.9	206.1
Zinc	220.1	221.7	224.7	226.3	229.3
Lead	187.8	188.8	189.4	190.3	190.9
Crude Oil	7354	7443	7505	7594	7656
Nat Gas	216	218	223	226	230

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.93	83.06	83.14	83.27	83.35
US\$INR (Oct)	83.05	83.17	83.25	83.37	83.45
EURINR (Sep)	88.36	88.54	88.68	88.86	89.00
EURINR (Oct)	88.58	88.75	88.89	89.05	89.19
GBPINR (Sep)	102.99	103.13	103.30	103.45	103.62
GBPINR (Oct)	103.05	103.23	103.41	103.59	103.77
JPYINR (Sep)	56.21	56.31	56.42	56.52	56.64
JPYINR (Oct)	56.62	56.71	56.82	56.92	57.03

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.32	105.41	-0.08%
US\$INR	83.18	83.04	0.17%
EURUSD	1.0657	1.0643	0.13%
EURINR	88.70	89.09	-0.44%
GBPUSD	1.2383	1.2409	-0.21%
GBPINR	103.40	103.59	-0.18%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.199	7.130	0.069
US	4.332	4.286	0.0461
Germany	2.675	2.593	0.082
UK	4.358	4.281	0.077
Japan	0.715	0.716	-0.001

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	143375	0	0.00%
Aluminium	495400	-3125	-0.63%
Zinc	122625	-4825	-3.79%
Lead	54100	0	0.00%
Nickel	38940	198	0.51%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 18, 2023						
1:30 PM	US	NAHB Housing Market Index		50.00	50.00	Medium
Tuesday, September 19, 2023						
2:30 PM	Europe	Final CPI y/y		5.3%	5.3%	Medium
6:00 PM	US	Building Permits		1.45M	1.44M	Medium
Wednesday, September 20, 2023						
6:45 AM	China	5-y Loan Prime Rate		4.2%	4.2%	High
11:30 AM	UK	CPI y/y		7.1%	6.8%	High
8:00 PM	US	Crude Oil Inventories			4.0M	Medium
11:30 PM	US	Federal Funds Rate		5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections		-	-	High
Thursday, September 21, 2023						
4:30 PM	UK	Official Bank Rate		5.5%	5.25%	High
6:00 PM	US	Unemployment Claims		222K	220K	High
7:30 PM	US	Existing Home Sales		4.10M	4.07M	Medium
Friday, September 22, 2023						
8:30 AM	Japan	BOJ Policy Rate		-0.10%	-0.10%	High
11:30 AM	UK	Retail Sales y/y		0.5%	-1.2%	High
1:30 PM	Europe	Flash Manufacturing PMI		44.0	43.5	High
1:30 PM	Europe	Flash Services PMI		47.7	47.9	High
2:00 PM	UK	Flash Manufacturing PMI		43.5	43.0	High
2:00 PM	UK	Flash Services PMI		49.1	49.5	High
7:30 PM	US	Flash Manufacturing PMI		47.9	47.9	High
7:30 PM	US	Flash Services PMI		50.8	50.5	High

Source: Bloomberg, Reuters, ICICI Direct Research



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