

December 13, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	December	Sell	205-205.5	195	211	Intraday
EURINR	December	Buy	89.88-89.90	90.30	89.70	Intraday

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News and Developments

- Gold prices pared its earlier gains after the November consumer prices rose by 0.1% against market expectation of no change. The CPI index rose by 3.1% YoY which is in line with market expectation in last month and Core CPI remained steady at 4% YoY.
- The dollar index remained below the 104.0 mark as focus turned towards the conclusion of FOMC meeting and trades await more clarity on Fed's futures interest rate path
- US treasury yields remained in a tight range as the focus shifts to key US FOMC meeting, where the Fed is expected to hold the rates steady. Meanwhile, the rate cut probability in March has dipped to 42% from previous day's reading of 44%.
- NYMEX Crude oil futures lost more than 3% amid further signs of robust supply. Russian crude oil exports climbed to its highest level since July, after recent storm in black sea affected flows. Further, the EIA also raised its estimate for the US supply to increase in 2023 by 30kb/d to 12.93mb/d. Additionally, diminishing prospects of rate cut in March by the Fed after the CPI numbers also weighed on the oil prices to slide below the \$70 mark.
- Copper prices reversed its gains and edged lower after the US inflation data increased the probability that the Fed will hold the rate higher for longer. Moreover, no major announcements of stimulus plans from China's annual economic work conference also restricted the upside in the metals. However, tight supplies amid closure of mines limited its downside.
- NYMEX Natural gas futures remained under pressure and slide below the \$2.4 mark amid forecast of milder weather and decreased heating demand. Further, record high production in the US also weighed on the gas prices to slide more than 2%.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61117	0.02%	1979.54	-0.12%
Silver	71864	-0.04%	22.77	-0.20%
Copper	714.2	-0.06%	8355.00	0.17%
Aluminium	194.1	0.18%	2121.00	0.19%
Zinc	217.2	-0.09%	2430.50	0.98%
Lead	183.3	0.00%	2037.50	-0.95%
WTI Crude Oil	5969	-0.22%	68.61	-3.80%
US Nat Gas	198.9	-0.15%	2.31	-4.94%

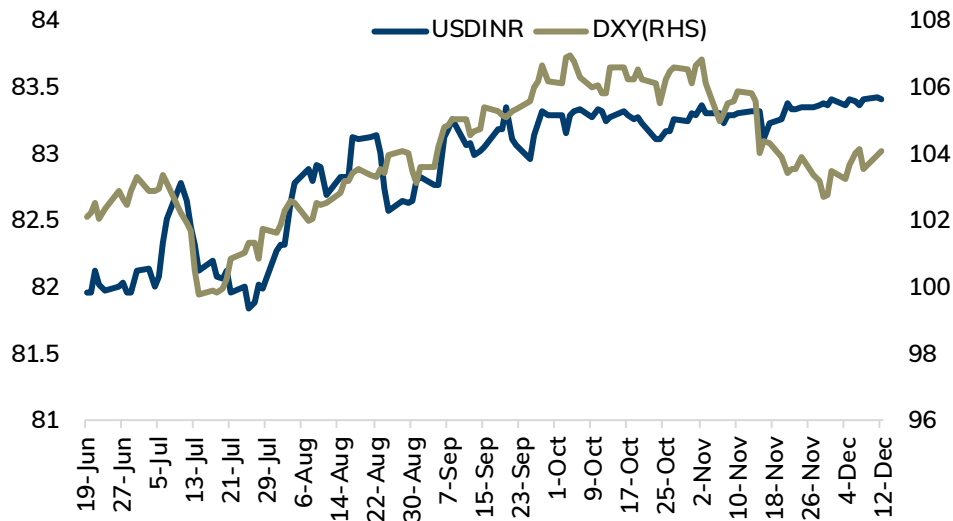
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.41	-0.01%	4081893	-61246	793605	-314111
EURINR (27th Dec)	90.13	0.25%	150879	-5810	124879	8369
GBPINR (27th Dec)	104.86	-0.02%	211011	-7750	152398	-383

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	December	Buy	5900-5910	6050	5840	Stoploss Triggered
GBPINR	December	Buy	104.68-104.70	105.10	104.50	Profit Booked

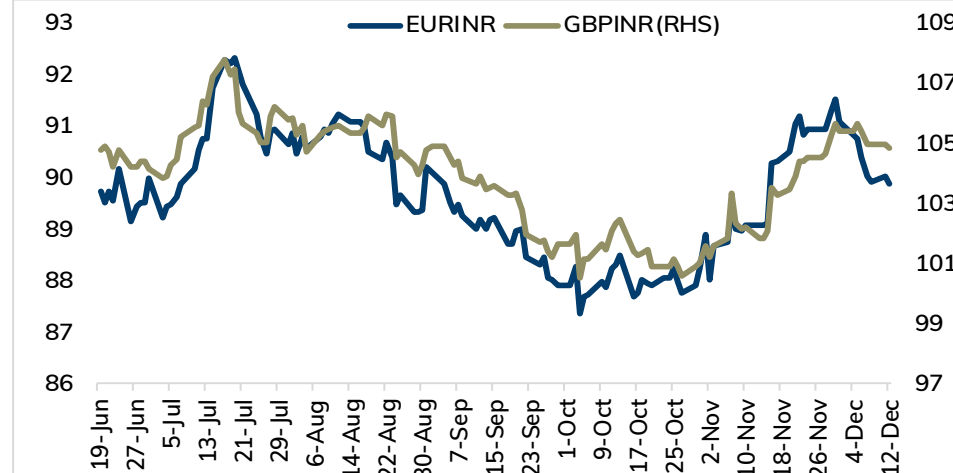
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee hovered in a tight range as traders remained cautious ahead of inflation data from US and India and US Federal Reserve monetary policy.
- Rupee is likely to appreciate today amid weak dollar and softening of US treasury yields. Dollar is showing weakness as US Federal Reserve is widely expected to keep interest rates unchanged in this meeting but more focus will be on Fed officials update on economic and interest rate projections. Additionally, comments from Fed Chair Powell will be closely watched to get clarity on interest rate outlook. Additionally, India CPI data increased at 5.55% in November but remained under RBI comfort zone of 2-6% for 3rd consecutive month. USDINR may face hurdle near 83.50 level and slip back towards 83.35 levels

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.27% yesterday amid weak dollar and on signs of confidence in Euro Zone economy after German ZEW economic survey rose unexpectedly to 9-month high. For today, EURUSD is likely to edged higher towards 1.0830 levels as long as it stays above 1.0750 levels amid soft dollar and expectation of improved economic data from euro zone. EURINR may rise towards 90.30 level as long as it trades above 89.70 levels
- Pound is likely to slip towards 1.2500 level as recent wage data would reinforce expectations that BOE may cut rates sooner than expected next year. Additionally, UK GDP data is likely to show that economy contracted in October. Meanwhile, weakness in dollar may prevent sharp fall in sterling. GBPINR is likely to move south towards 104.50 level as long as it stays below 105.10 levels

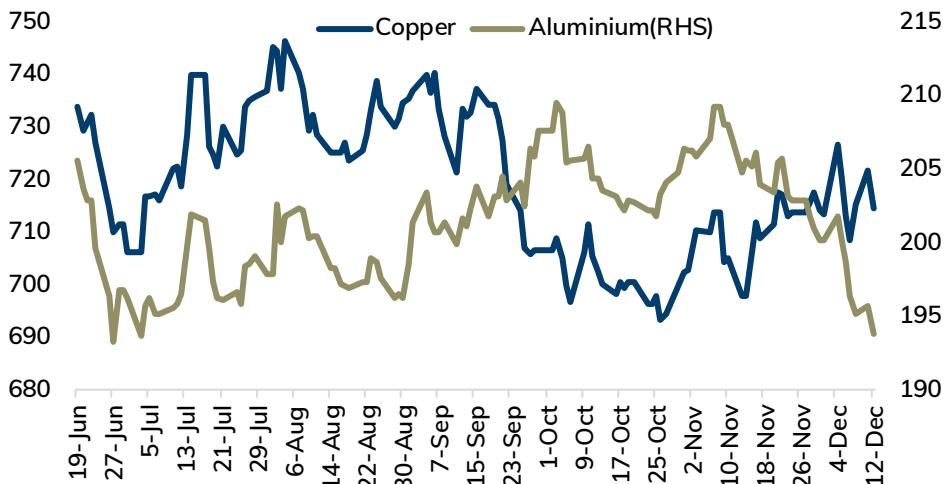
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to move in the tight range of \$1975 and \$2000 ahead of the key US FOMC meeting outcome. The recent inflation data and last week's improved jobs data has paired rate cut bets in early 2024, which would weaken the gold to slide towards the \$1950 mark. On the other side any dovish approach and hint of rate cuts in March would again bring back the bulls in to the picture and push the price back above the \$2000 level.
- MCX gold is expected to move in the band of 60900-61650. Only close below 60900 it would turn weaker and hit the next support at 60500. On the flip side above 61650 it would rise towards 62000.
- MCX silver is likely to find support near 71500 and rebound towards the immediate hurdle near 72900. Only close below 71500, it would weaken further towards 70800.

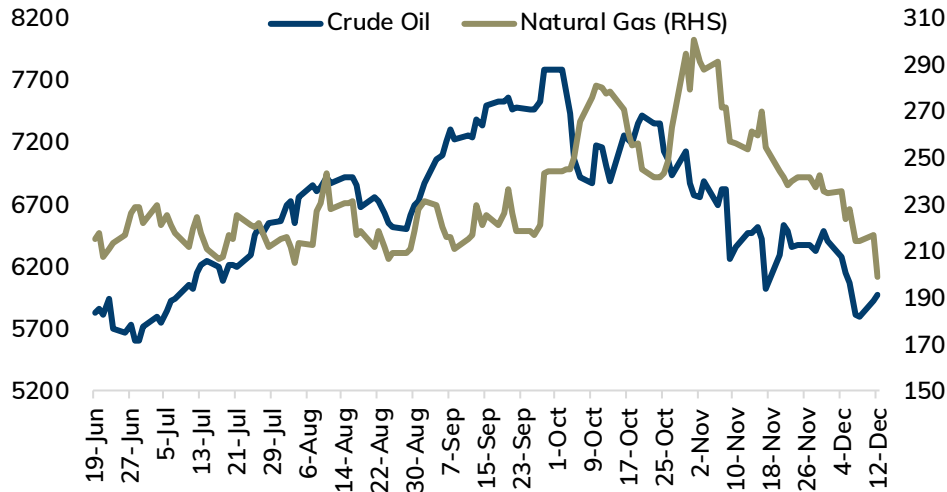
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are likely to trade in a tight range ahead of the key FOMC meeting. The upside in the metal could be capped as the recent announcements from China's economic work conference didn't provide any clues for further round of stimulus. Meanwhile, persistence of supply issues from Panama would limit the downside in the red metal.
- MCX Copper December is expected to face the hurdle near 721 and move lower towards the 50 day EMA at 712. Only close below 712, it would weaken further towards 708.
- MCX Aluminium is expected to move in the range of 193-196. Only close below 193 it would weaken further towards 191.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to face the hurdle near \$70 mark and weaken further towards \$66 amid increasing prospects of supply and doubts over production cuts by OPEC+ next year. EIA in its latest report lowered the forecast for Brent prices in 2024 to \$83 from their previous forecast of \$93. Meanwhile, investor will await the weekly inventory data to get more clarity on its direction. Further, decision from the FOMC would also be keenly awaited.
- MCX Crude oil is likely to face the hurdle near 5900 and move lower towards 5600. Close below 5600, would open the doors towards 5500.
- MCX Natural gas December future is expected weaken further towards 195, as long as it remains under 210 amid mild US weather forecast and higher inventory levels.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60598	60857	61359	61618	62120
Silver	71209	71536	72088	72415	72967
Copper	708.0	711.1	716.1	719.2	724.1
Aluminium	192.5	193.3	194.3	195.1	196.1
Zinc	213.8	215.5	216.6	218.3	219.5
Lead	180.3	181.8	182.9	184.4	185.5
Crude Oil	5826	5897	5948	6019	6070
Nat Gas	180	189	202	212	224

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.36	83.38	83.41	83.43	83.45
US\$INR (Jan)	83.45	83.47	83.49	83.51	83.53
EURINR (Dec)	89.63	89.88	90.04	90.29	90.46
EURINR (Jan)	89.61	89.96	90.35	90.70	91.10
GBPINR (Dec)	104.50	104.68	104.82	105.00	105.13
GBPINR (Jan)	104.62	104.79	104.92	105.08	105.21
JPYINR (Dec)	57.28	57.42	57.51	57.66	57.75
JPYINR (Jan)	57.56	57.74	57.84	58.02	58.12

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.87	104.10	-0.22%
US\$INR	83.39	83.39	0.00%
EURUSD	1.0794	1.0765	0.27%
EURINR	90.02	89.77	0.28%
GBPUSD	1.2563	1.2555	0.06%
GBPINR	104.78	104.68	0.10%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.274	7.283	-0.009
US	4.201	4.233	-0.0327
Germany	2.226	2.270	-0.044
UK	3.967	4.078	-0.111
Japan	0.721	0.765	-0.044

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
10/18/2023	8:00 PM	-4.5M	-0.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	180175	-2025	-1.11%
Aluminium	450225	-2150	-0.48%
Zinc	212250	-2750	-1.28%
Lead	128900	-1950	-1.49%
Nickel	48588	450	0.93%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 11, 2023						
10:30 PM	US	10-y Bond Auction	4.30 2.5	-	4.52 2.5	Medium
Tuesday, December 12, 2023						
12:30 PM	UK	Claimant Count Change	16.0K	20.3K	17.8K	High
12:30 PM	UK	Average Earnings Index 3m/y	7.20%	7.60%	7.90%	Medium
3:30 PM	Europe	ZEW Economic Sentiment	23	11.2	13.8	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	12.8	8.1	9.8	Medium
7:00 PM	US	CPI y/y	3.10%	3.10%	3.20%	High
Wednesday, December 13, 2023						
12:30 PM	UK	GDP m/m	-	-0.10%	0.20%	High
3:30 PM	Europe	Industrial Production m/m	-	-0.30%	-1.10%	Medium
7:00 PM	US	PPI m/m	-	0.10%	-0.50%	High
9:00 PM	US	Crude Oil Inventories	-	-	-4.6M	Medium
Thursday, December 14, 2023						
12:30 AM	US	Federal Funds Rate	-	5.50%	5.50%	High
12:30 AM	US	FOMC Economic Projections	-	-	-	High
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
7:00 PM	US	Retail Sales m/m	-	-0.10%	-0.10%	High
7:00 PM	US	Unemployment Claims	-	223K	220K	High
9:00 PM	US	Natural Gas Storage	-	-	-117B	Medium
Friday, December 15, 2023						
7:30 AM	China	Industrial Production y/y	-	5.70%	4.60%	High
7:30 AM	China	Retail Sales y/y	-	12.60%	7.60%	Medium
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.3	42.9	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	43.1	42.6	High
2:30 PM	Europe	Flash Manufacturing PMI	-	44.5	44.2	Medium
3:00 PM	UK	Flash Manufacturing PMI	-	47.6	47.2	High
7:00 PM	US	Empire State Manufacturing Index	-	1.7	9.1	High
8:15 PM	US	Flash Manufacturing PMI	-	49.3	49.4	High
8:15 PM	US	Flash Services PMI	-	50.5	50.8	High

Source: Bloomberg, Reuters, ICICI Direct Research



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