

December 1, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62400-62410	62850	62100	Intraday
USDINR	December	Sell	83.40-83.42	83.25	83.50	Intraday

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News and Developments

- Spot gold pared its earlier gains on Thursday amid rebound in the dollar index and US treasury yields. The US dollar index rose above the 103.30 mark despite moderation in the US inflation numbers and weaker set of economic numbers from US. The hawkish comments from the Fed members has supported the dollar to rebound from its three month lows.
- US PCE price index remained unchanged in the month of October. The Core PCE rose 0.2% last month and 3.5% year-on year basis, both moving in line with market expectation. Meanwhile, initial weekly jobless claims rose by 7k to 218k and the continuous claims also gained at a faster pace suggesting moderation in the job market
- The 10 year US treasury yields witnessed a rebound from its two month lows and the 2 year treasury yields also rebounded from its four month lows.
- Crude oil futures failed to capitalize its earlier gains and lost more than 2 % despite the additional 1M barrels per day supply cut from OPEC. Saudi Arabia is expected to extend its own voluntary cuts of 1M barrels per day, where as other members will announce their specific cuts. Meanwhile, Brazil is set to join the alliance next year, planning to increase its output to 3.8 million barrels a day.
- Copper futures reversed its earlier losses and ended the day on a higher note amid rising supply concerns. However the gains in the metal was capped due to strong dollar and weaker manufacturing activity in China.
- NYMEX Natural gas futures traded lower after the EIA reports showed unexpected rise in natural gas supplies for last week. Natural gas storage in US gone up by 10 Bcf to 3836 Bcf against market expectation of drawdown by 7 Bcf. Mild weather in US so far has kept a lid on the demand, where as production in US also touched record levels around 105 Bcf per day.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62640	-0.27%	2036.41	-0.38%
Silver	77515	0.31%	25.27	1.01%
Copper	722.0	0.33%	8464.50	0.58%
Aluminium	201.2	-0.64%	2193.00	-0.95%
Zinc	222.9	-0.80%	2475.50	-1.02%
Lead	185.8	-0.16%	2123.00	-1.12%
WTI Crude Oil	6407	-1.25%	75.96	-2.44%
US Nat Gas	234.9	-0.59%	2.80	-0.07%

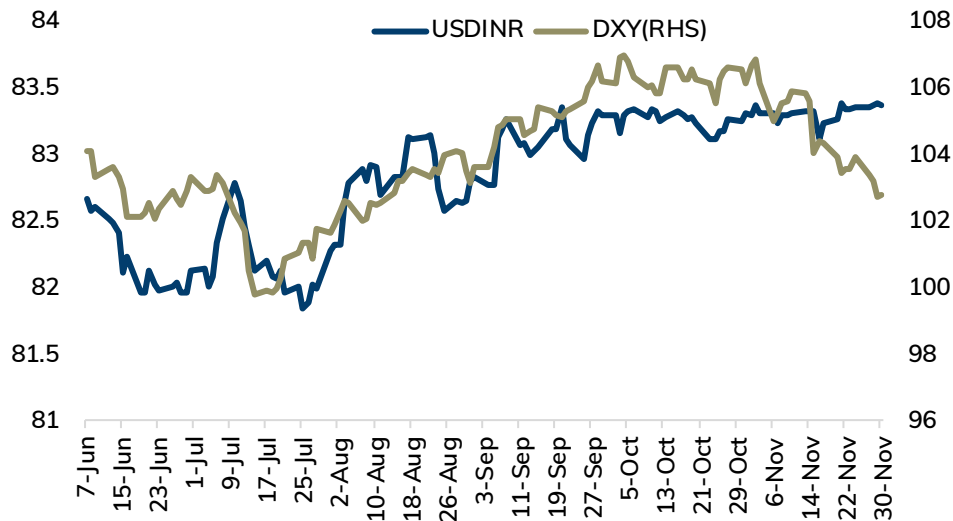
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.42	0.06%	4676659	150370	2010774	585582
EURINR (27th Dec)	91.10	-0.48%	213745	-16480	175876	-30319
GBPINR (27th Dec)	105.41	-0.26%	253303	-454	239946	-9693

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	December	Buy	6380-6400	6550	6320	Stoploss Triggered
GBPINR	December	Buy	105.70-105.72	106.05	105.50	Stoploss Triggered

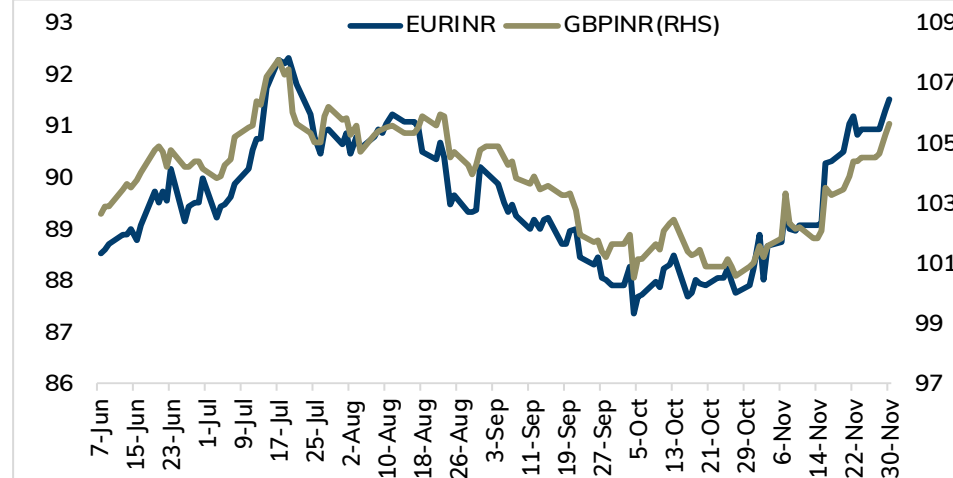
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee closed at record low amid recovery in US dollar and rise in crude oil prices. Additionally, rupee slipped on month end dollar demand from importers. Further, investors remained cautious ahead of GDP data from the country and OPEC+ meeting where production cuts were expected
- Rupee is likely to appreciate today amid expectation of correction in dollar and US treasury yields as data showed US consumer spending rose moderately in October, while annual increase in inflation was smallest in more than 2 ½ years. Additionally, rise in jobless claims suggest a slowing labor market. Fresh data has raised the bet that Fed would soon start cutting rates. Moreover, India's economy expanded 7.6% in Q2 FY24 exceeding expectations. Meanwhile, investors will remain cautious ahead of Fed Chair Powell speech to get more cues on interest rate outlook. USDINR may slip to 83.25 level as long as its stays below 83.50 levels

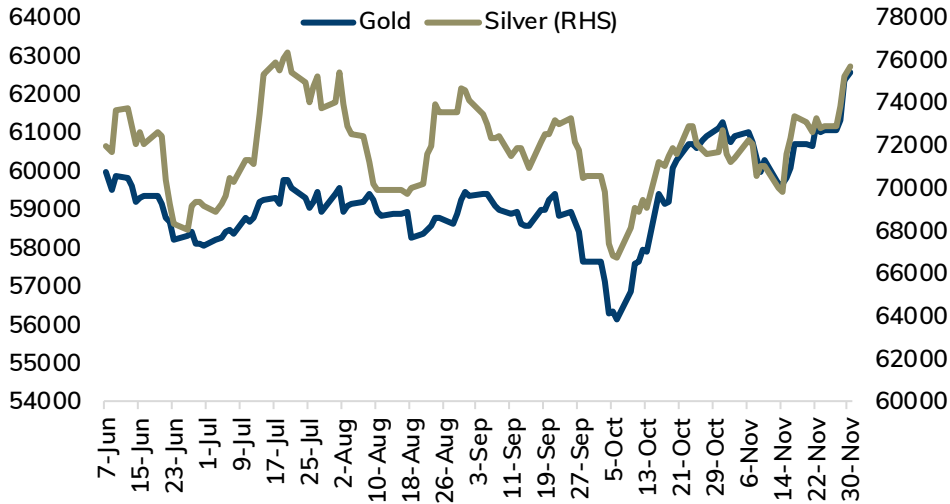
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped by 0.77% yesterday amid recovery in dollar. Further, inflation data from euro zone showed price growth slowed sharply in November, bolstering expectations that ECB is done raising interest rates. For today, EURUSD is likely to hold the support near 1.0850 levels and rise back towards 1.0950 levels amid expectation of correction in dollar and rise in risk appetite in the global markets. Meanwhile, recent inflation data from euro zone has fueled the bets of early spring rate cuts. EURINR may rally towards 91.40 as long as it trades above 90.90 levels
- Pound is likely to move north towards 1.2700 level amid expectation of correction in dollar and on rising anticipation that BOE will have to keep rates higher for longer compared to other major central banks, given stubbornly high inflation. GBPINR is likely to move higher towards 105.70 level as long as it stays above 105.20 levels

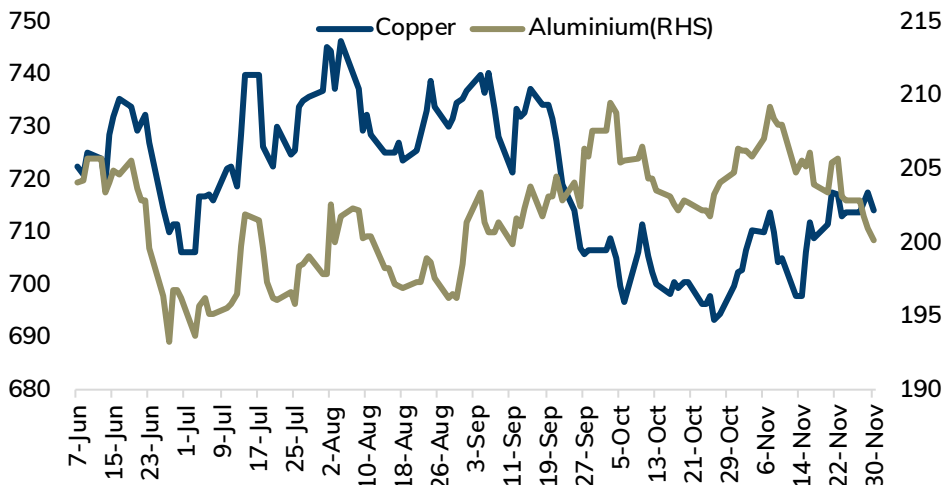
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to hold its ground above the \$2030 mark and move higher again towards \$2070 amid increasing probability of end to the Federal reserves rate hike cycle. Further, softness in the US inflation numbers and weaker economic activity would also force the fed to cut the rates in the first half of the year. As per the CME Fed-Watch toll probability of rate cut in May has moved up to 49%, where as rate hike probability remained near 2% in its December policy. Meanwhile, focus will shift towards Fed Chair Powell's speech and key manufacturing data from US
- MCX gold February is expected to rise towards 63,000 as long as it holds above 62200.
- MCX Silver is likely to follow the yellow metal and move towards 78,400, as long as it trades above 76500.

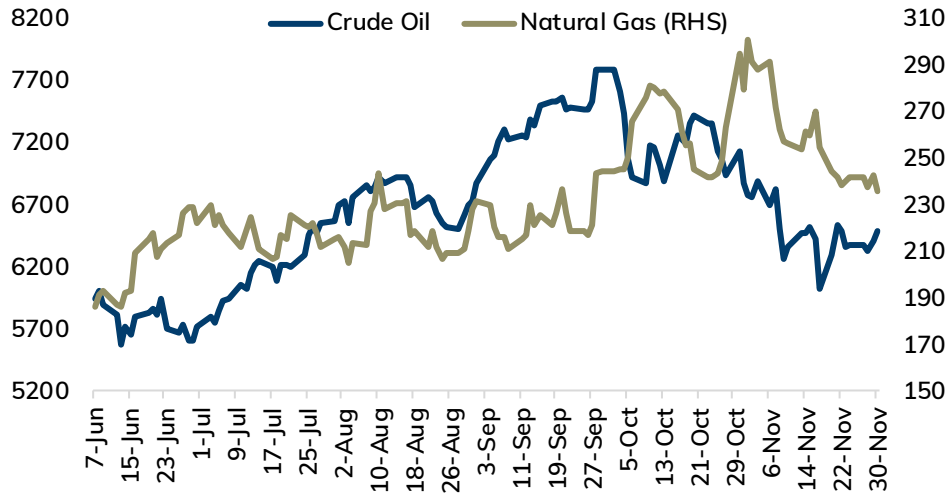
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its ground and move higher after the Chinese manufacturing data signaled a fresh improvement in the health of the sector. The Chinese Caixin manufacturing PMI rose above the 50 mark in November. Further, supply concerns and expectation of fresh round of stimulus from China could also help the metals to hold its gains. Meanwhile, forecast of contraction in manufacturing activity in Europe and US could restrict the upside in the metal..
- MCX Copper December is likely to move towards 725, as long as it holds above 716. Only close above 725, it would open the doors towards 730.
- MCX Aluminium December is expected to weaken towards 200, as long as it trades below 204.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to face the hurdle near \$78 mark and move towards \$74 on growing skepticism over production cut by OPEC+. Further, expectation of gradual unwound of the production cuts after the first quarter would restrict its upside. Additionally, contraction in the manufacturing activity in China, Europe and US could also weigh on the demand outlook and restrict its upside.
- MCX Crude oil is likely to remain in the broad range of 6300-6550 after the key event. Only move below 6300 would open the doors towards 6200.
- MCX Natural gas December futures is expected to face the hurdle near 242 and move lower towards 230 amid mild weather forecast in US and higher storage levels.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62359	62499	62671	62811	62983
Silver	76870	77192	77389	77711	77908
Copper	715.8	718.9	720.8	723.9	725.9
Aluminium	199.6	200.4	201.7	202.5	203.7
Zinc	220.8	221.9	223.6	224.6	226.3
Lead	184.8	185.3	186.1	186.5	187.3
Crude Oil	6077	6242	6443	6608	6809
Nat Gas	228	231	235	239	243

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.29	83.36	83.39	83.46	83.50
US\$INR (Jan)	83.36	83.43	83.47	83.54	83.58
EURINR (Dec)	90.73	90.92	91.27	91.45	91.80
EURINR (Jan)	90.93	91.11	91.45	91.62	91.96
GBPINR (Dec)	104.97	105.19	105.58	105.80	106.20
GBPINR (Jan)	105.07	105.29	105.67	105.89	106.27
JPYINR (Dec)	56.54	56.65	56.83	56.94	57.13
JPYINR (Jan)	56.89	57.00	57.19	57.30	57.50

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.50	102.77	0.71%
US\$INR	83.39	83.33	0.08%
EURUSD	1.0888	1.0969	-0.74%
EURINR	91.10	91.45	-0.38%
GBPUSD	1.2624	1.2695	-0.56%
GBPINR	105.48	105.66	-0.17%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.280	7.251	0.029
US	4.326	4.255	0.0712
Germany	2.447	2.432	0.015
UK	4.176	4.096	0.08
Japan	0.672	0.672	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/29/2023	8:00 PM	1.6M	-0.1M
11/22/2023	8:00 PM	8.7M	0.9M
11/15/2023	8:00 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
10/12/2023	8:00 PM	10.2M	-0.4M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	175250	300	0.17%
Aluminium	459375	-5000	-1.08%
Zinc	226250	-550	-0.24%
Lead	141575	-2875	-1.99%
Nickel	46338	870	1.91%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 27, 2023						
8:30 PM	US	New Home Sales	679K	724K	759K	Medium
Tuesday, November 28, 2023						
12:30 PM	Europe	German GfK Consumer Climate	-27.8	-28.2	-28.1	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	3.90%	4.20%	2.20%	Medium
8:30 PM	US	CB Consumer Confidence	102	101	102.6	High
8:30 PM	US	Richmond Manufacturing Index	-5	1	3	Medium
Wednesday, November 29, 2023						
7:00 PM	US	Prelim GDP q/q	5.20%	5.0%	4.90%	High
8:35 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
9:00 PM	US	Crude Oil Inventories	1.6M	-0.1M	8.7M	Medium
Thursday, November 30, 2023						
7:00 AM	China	Manufacturing PMI	49.4	49.6	49.5	High
7:00 AM	China	Non-Manufacturing PMI	50.2	51.1	50.6	High
3:30 PM	Europe	CPI Flash Estimate y/y	2.40%	2.70%	2.90%	High
5:30 PM	India	GDP YoY	7.60%	6.90%	7.80%	High
All Day	All	OPEC-JMMC Meetings	-	-	-	High
7:00 PM	US	Core PCE Price Index m/m	0.20%	0.20%	0.30%	High
7:00 PM	US	Unemployment Claims	218K	219K	209K	High
8:30 PM	US	Pending Home Sales m/m	-1.50%	-0.90%	1.10%	Medium
Friday, December 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	50.7	49.3	49.5	High
8:30 PM	US	ISM Manufacturing PMI	-	47.7	46.7	High
9:30 PM	US	Fed Chair Powell Speaks	-	-	-	High

Source: Bloomberg, Reuters, ICICI Direct Research



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