

September 15, 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	September	Buy	734.50-735	743	730	Intraday
GBPINR	September	Sell	103.50-103.52	103.10	103.70	Intraday

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## News and Developments

- Spot Gold prices hovered near 3 week low amid strong dollar and surge in US treasury yields across. Yields edged higher after slew of economic data from US showed stronger than expected numbers and reinforced expectations that US Fed may keep rates higher for longer duration
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 96% while, prospects for increase by 25bps in November meeting has come down to 35.7% from 41% a day ago
- Yield on benchmark US 10-year treasury note was up by 4.2 basis points to 4.290% and 2-year treasury yield, which typically moves in step with interest rate expectations rose by 3.4 basis point to 5.018%
- US Dollar surged to 6 month high amid stronger than expected economic data from US and as European Central bank signaled it was likely done with its interest rate hike cycle
- US Producer price rose 0.7% in August compared to 0.4% in July, Retail sales climbed 0.6% in August against previous month reading of 0.5%, while number of people filling for jobless claims benefit fell to 220K
- ECB raised its key interest rates to a record high of 4% but indicated that central bank may be done with its rate hiking cycle as eurozone economy continues to struggle
- Crude oil prices climbed yesterday as expectations of tighter supplies in coming months overshadowed concerns over global economic growth and rising crude oil inventories
- Copper prices edged higher yesterday on Chinese measures to support economic growth. Central bank said it would cut RRR for banks by 25bps, second time this year to boost liquidity and consolidate the foundation of the country's economic recovery

Source: Bloomberg, Reuters, ICICI Direct Research

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58588	-0.01%	1910.79	0.14%
Silver	70982	-0.61%	22.65	-0.83%
Copper	737.1	0.60%	8417.50	0.01%
Aluminium	203.8	0.72%	2224.50	0.32%
Zinc	226.0	1.07%	2570.00	1.74%
Lead	188.5	0.83%	2245.00	1.24%
WTI Crude Oil	7501	2.22%	90.16	1.85%
US Nat Gas	225.6	1.94%	2.71	1.04%

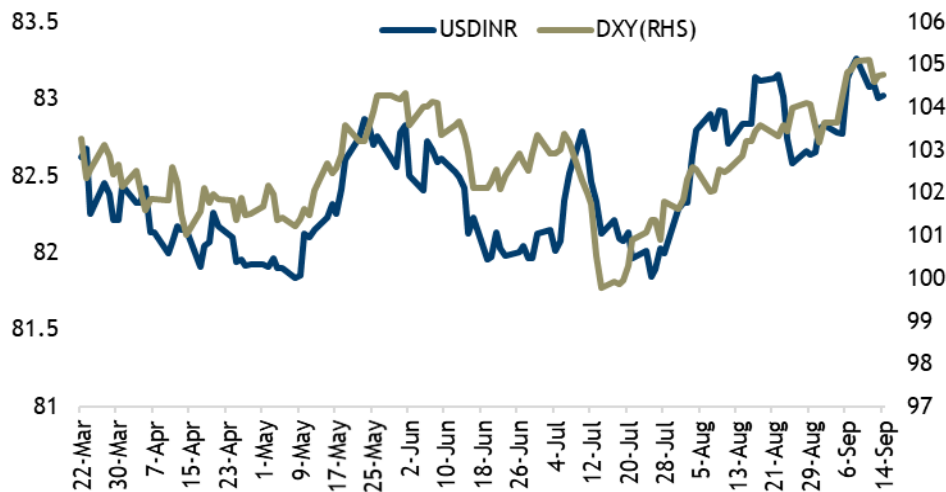
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.06	0.04%	3699313	-118771	1285008	52428
EURINR (26th Sep)	89.21	0.03%	118706	919	74741	-26560
GBPINR (26th Sep)	103.60	0.03%	194600	173	127451	-93286

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	October	Buy	58590-58600	58900	58400	Stop Loss triggered
USDINR	September	Sell	83.03-83.05	82.80	83.15	Exit in Loss

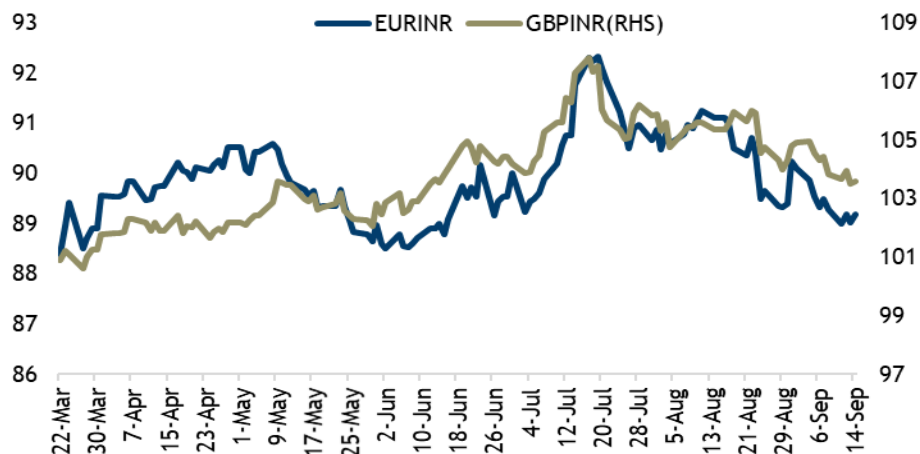
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated on Thursday amid stronger dollar and higher crude oil prices. The dollar index hit the highest level in six-months on better than expected US economic number. Also weakness in EUR after the ECB signalled it would pause its rate hike cycle has supported the dollar index to rise above the 105 mark
- USDINR is expected to rise towards the higher end of the consolidation range 82.80-83.20 amid firm dollar. However, the gains could be restricted amid hopes of Fed pause in its next policy. Now the , investors will eye on today's key US economic number, which could provide more clues to the future rate path. USDINR is expected to remain in the band of 82.80-83.20

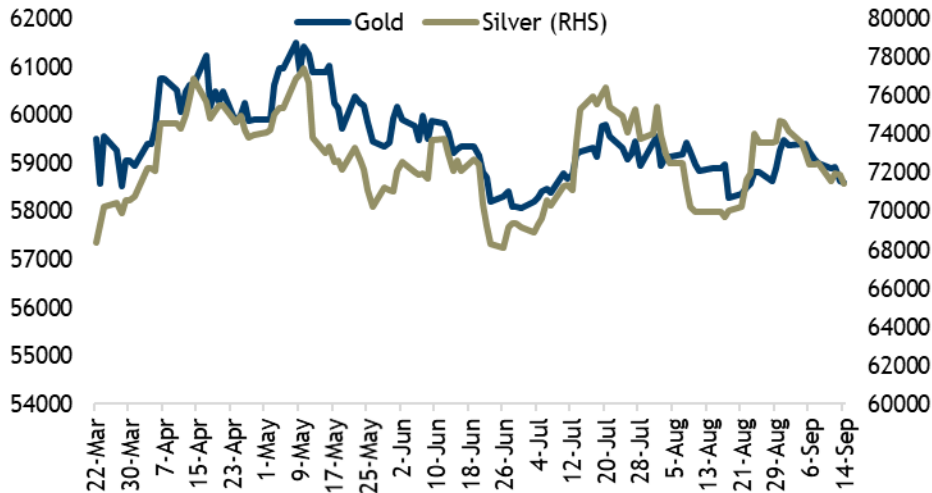
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro fell below the 1.07 mark and hit the lowest level in last 5-months after ECB signalled it would pause its rate hike cycle. ECB also cut its 2024 Euro zone GDP forecast. The pair is expected to weaken further towards 1.06 amid strong dollar and forecast of weaker economic numbers in the region. On the upside 1.07 would act as key resistance for EURUSD. EURINR is likely to face the hurdle near 89.00 and weaken towards 88.40.
- The pound lost more than 0.50% on Thursday amid strong dollar and disappointing housing data. The pair is expected to weaken further towards 1.2350, as long as it trades under the 1.25. GBPINR is expected to weaken further towards 102.80, as long as it trades under 103.80.

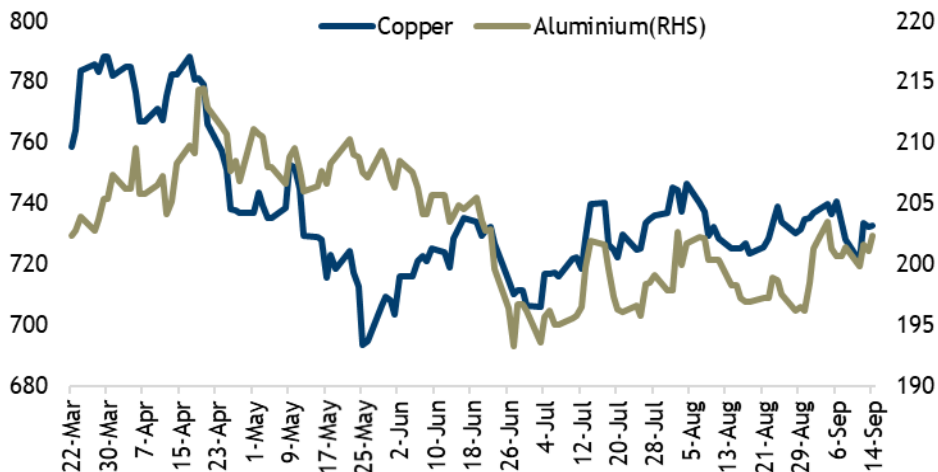
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to rise back towards \$1920 levels as long as it sustains above \$1900 levels amid expectation of correction in dollar and soft US treasury yields. Rally in dollar may be short lived as concern may recede about hotter than expected US retail sales and PPI in August, as much of rising cost were driven by surge in gasoline prices which would wane in months. Additionally, survey is likely to show that US consumer sentiments continued to decline
- MCX Gold prices is likely to move north towards 58,800 level as long as it trades above the support level of 58,250 levels
- MCX Silver is expected to rise back towards 71,600 level as long as it sustains above 70,200 level (200-Day EMA)

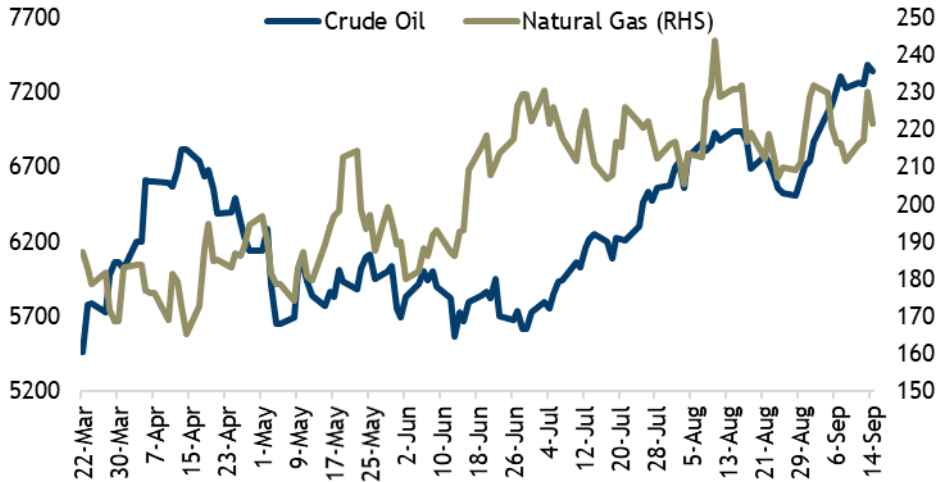
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with positive bias amid rise in risk appetite in the global markets, upbeat economic data from China and on hopes that major central banks across globe are done with their rate hike cycle. China's industrial production increased by 4.5% and retail sales climbed by 4.6% in August. Additionally, PBoC cut its reserve requirement ratio for the second time this year to boost liquidity and support country's economic recovery, aligning with eased rules to acquire property in key construction hubs
- MCX Copper may rise further towards 745 levels as long as it trades above 730 levels
- MCX aluminium is expected to move upward towards 205.50 level as long as it stays above support level of 202.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further till \$92 amid optimistic global market sentiments and concerns over tighter global oil supply. Further, prices may rally on hopes that Chinese economy may revive and energy demand will improve, aided by several stimulus from China. 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 7550 level as long as it sustains above 7330 levels
- MCX Natural gas is expected to move upwards towards 235 level as long as it stays above 220 level on forecast for hot US temperatures next week. Meanwhile, weekly EIA natural gas inventories rose by 57bcf, above expectations of 50bcf

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58255	58421	58521	58687	58787
Silver	69541	70262	70782	71503	72023
Copper	728.5	732.8	736.1	740.4	743.8
Aluminium	201.6	202.7	203.6	204.7	205.6
Zinc	222.5	224.2	225.7	227.4	228.9
Lead	186.1	187.3	188.0	189.2	189.8
Crude Oil	7311	7406	7459	7554	7607
Nat Gas	219	222	228	232	238

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.92	82.99	83.04	83.11	83.16
US\$INR (Oct)	83.03	83.09	83.14	83.21	83.26
EURINR (Sep)	89.06	89.13	89.22	89.29	89.38
EURINR (Oct)	89.26	89.34	89.41	89.49	89.57
GBPINR (Sep)	103.38	103.49	103.64	103.75	103.91
GBPINR (Oct)	103.51	103.62	103.76	103.86	104.00
JPYINR (Sep)	56.43	56.48	56.54	56.58	56.64
JPYINR (Oct)	56.81	56.86	56.93	56.98	57.04

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.41	104.77	0.61%
US\$INR	83.04	82.99	0.07%
EURUSD	1.0643	1.0730	-0.81%
EURINR	89.09	89.04	0.06%
GBPUSD	1.2409	1.2490	-0.65%
GBPINR	103.59	103.44	0.15%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.130	7.196	-0.066
US	4.286	4.249	0.0378
Germany	2.593	2.651	-0.058
UK	4.281	4.347	-0.066
Japan	0.716	0.713	0.003

## 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	-25	-0.02%
Aluminium	498525	7225	1.47%
Zinc	127450	-4750	-3.59%
Lead	54100	975	1.84%
Nickel	38742	0	0.00%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 11, 2023						
1:30 PM	China	New Loans	1360B	1275B	346B	Medium
Tuesday, September 12, 2023						
11:30 AM	UK	Claimant Count Change	0.9K	17.1K	29.0K	High
11:30 AM	UK	Average Earnings Index 3m/y	8.50%	8.20%	8.20%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-8.90	-15.00	-12.30	Medium
5:30 PM	India	Industrial Production	5.70%	4.1%	3.7%	Medium
5:30 PM	India	Inflation Rate	6.8%	6.8%	7.4%	High
Wednesday, September 13, 2023						
11:30 AM	UK	GDP m/m	-0.5%	-0.2%	0.5%	High
2:00 PM	Europe	Industrial Production m/m	-0.7%	-0.6%	1.8%	Medium
6:00 PM	US	CPI y/y	3.7%	3.6%	3.2%	High
8:00 PM	US	Crude Oil Inventories	4.0M	(-2.2)M	(-6.3)M	Medium
Thursday, September 14, 2023						
5:45 PM	Europe	Main Refinancing Rate	4.5%	4.25%	4.25%	High
6:00 PM	US	PPI m/m	0.7%	0.4%	0.3%	High
6:00 PM	US	Retail Sales m/m	0.6%	0.2%	0.7%	High
6:00 PM	US	Unemployment Claims	220k	225k	216k	High
6:15 PM	Europe	ECB Press Conference		-	-	High
Friday, September 15, 2023						
7:30 AM	China	Industrial Production y/y		3.9%	3.7%	High
7:30 AM	China	Retail Sales y/y		3.00%	2.50%	Medium
6:00 PM	US	Empire State Manufacturing Index		-9.50	-19.00	High
6:45 PM	US	Industrial Production m/m		0.20%	1.00%	High
7:30 PM	US	Prelim UoM Consumer Sentiment		69.20	69.50	High

Source: Bloomberg, Reuters, ICICI Direct Research



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