

August 23, 2022

## Daily Currency & Commodity Outlook

Daily Recommendation						
Currency/Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	Aug	Sell	670.70-671	666.7	673.3	1 day
EURINR	Aug	Sell	80.00-80.02	79.70	80.20	1 day

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## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DX	108.90	108.10	0.74%
US\$INR	79.86	79.93	-0.09%
EURUSD	0.9944	1.0038	-0.94%
EURINR	79.97	80.43	-0.57%
GBPUSD	1.1763	1.1824	-0.52%
GBPINR	94.31	94.72	-0.43%

## Daily Currency Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (26th Aug-22)	79.66	79.76	79.86	79.97	80.07
US\$INR (28th Sep-22)	79.95	80.02	80.11	80.18	80.26
EURINR (26th Aug-22)	79.58	79.78	80.14	80.33	80.70
EURINR (28th Sep-22)	79.69	80.05	80.75	81.10	81.81
GBPINR (26th Aug-22)	94.06	94.19	94.43	94.56	94.81
GBPINR (28th Sep-22)	93.87	94.29	95.12	95.54	96.37
JPYINR (26th Aug-22)	58.04	58.22	58.41	58.60	58.78
JPYINR (28th Sep-22)	58.27	58.50	58.70	58.93	59.13

- US\$INR future maturing on August 26 appreciated by 0.09% on Monday amid weakness in crude oil prices. However, sharp declines in domestic equity markets restricted further downside
- The US dollar edged up almost 0.70% on Monday amid growing fears that interest rate hikes in the US and Europe, aimed at curbing inflation, would weaken the global economy. Further, US dollar the was supported by a rise in US 10-year treasury yields

- The Euro depreciated by almost 0.90% on Monday amid a sharp rise in the US dollar index. Further, the Euro was pressurised after Bundesbank said in a report that recession in Germany, the eurozone's biggest economy, is increasingly likely and inflation will continue to accelerate and could peak at more than 10% this autumn
- The pound depreciated almost 0.50% on Monday as surging energy costs and a summer of strikes highlighted the UK cost of living crisis and intensified fears of a further economic slowdown. However, further downside was cushioned by a rise in UK 10 years bond yields

## Follow-up

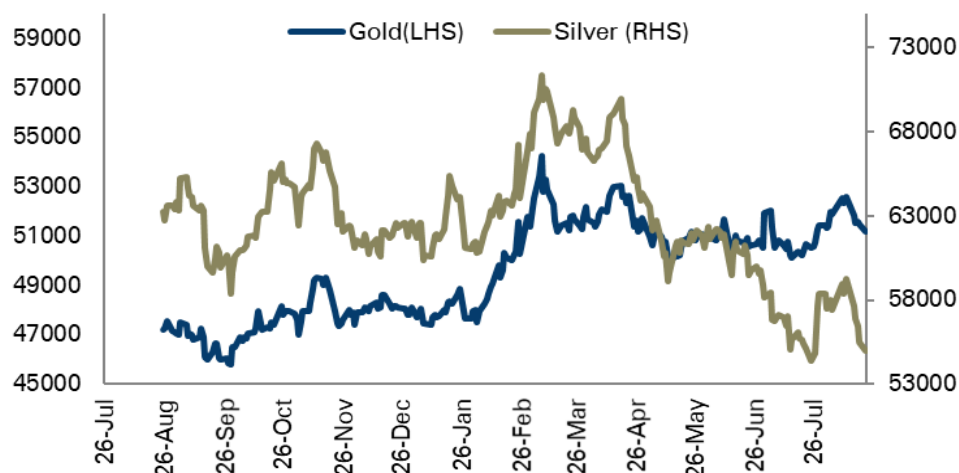
Currency/Commodity	Contract	Action	Price	Target	Stoploss	Comment
Crude oil	Sep	Sell	7050-7080	6900	7130	Profit Booked
GBPINR	Aug Futures	Sell	94.70	94.40	94.90	Not Initiated

Source: Bloomberg, Reuters, ICICI Direct Research

## Bullion Outlook

- MCX gold prices tumbled almost 0.60% on Monday due to stronger US dollar index and rise in 10 year US bond yields
- However, risk aversion in global markets restricted further downsides in safe haven assets
- MCX gold prices are expected to trade with a negative bias for the day amid rising US dollar index. MCX gold prices are likely to break the hurdle of ₹ 51,040 to continue its downward trend towards the level of ₹ 50,950
- Additionally, silver prices are expected to take cues from gold prices and may move towards ₹ 54,200 level in coming session

## MCX Gold vs Silver Performance



## MCX Price Performance

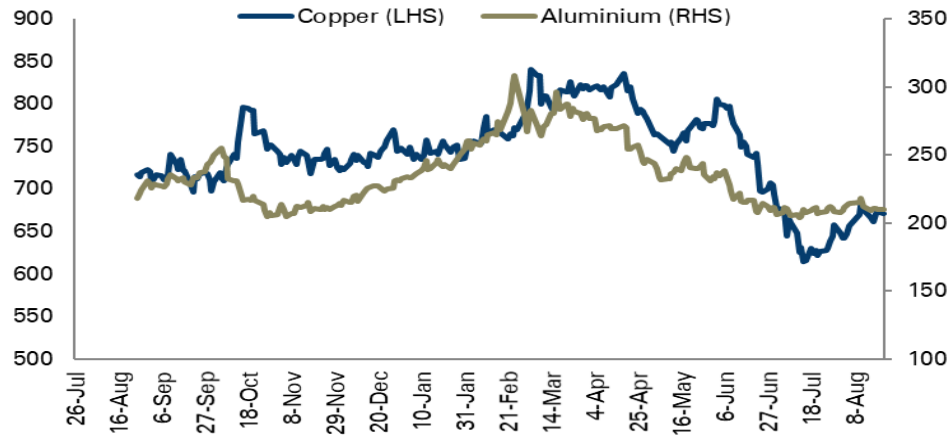
Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	51155	-0.63%	1750.30	-0.71%
Silver	54945	-0.54%	19.01	-0.22%
MCXBULLDEX	14014	-0.83%	-	-
Copper	670.70	-0.46%	8051.00	-0.34%
Aluminium	209.85	-0.05%	2395.50	0.40%
Zinc	315.70	0.21%	3510.50	0.66%
Lead	183.00	0.55%	2042.00	-1.47%
WTI Crude Oil	7178	-0.73%	90.56	0.13%
US Nat Gas	776.0	4.48%	9.77	4.69%
MCXENRGDEX	10428	1.40%	-	-

## Daily Commodity Pivot Levels

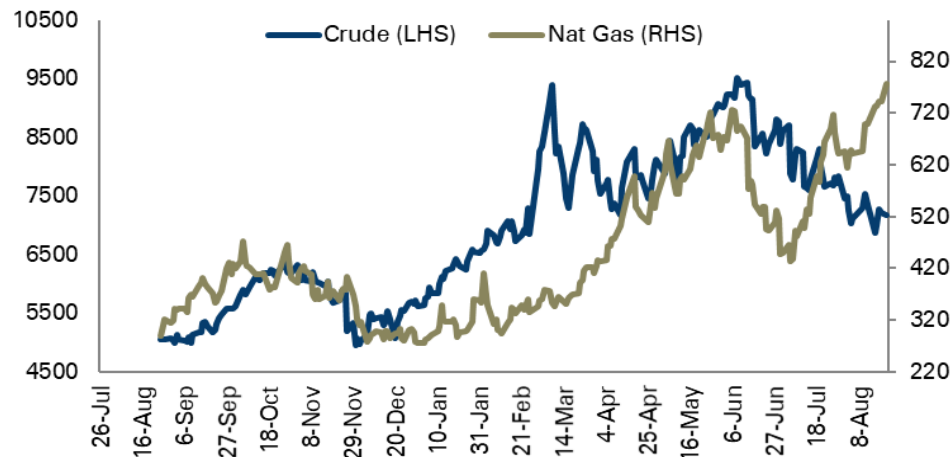
Commodity	S2	S1	Pivot	R1	R2
Gold	50740	50948	51178	51386	51616
Silver	53990	54467	54948	55425	55906
MCXBULLDEX	13897	13956	14026	14085	14155
Copper	659.4	665.0	670.7	676.4	682.1
Aluminium	208.1	209.0	209.7	210.6	211.3
Zinc	310.6	313.2	315.0	317.6	319.4
Lead	178.5	180.7	182.2	184.4	185.9
Crude Oil	6761	6969	7130	7338	7499
Nat Gas	705.7	740.9	767.4	802.6	829.1
MCXENRGDEX	9922	10175	10391	10644	10859

Source: Bloomberg, Reuters, ICICI Direct Research

## MCX Copper vs. Aluminium Performance



## MCX Crude Oil vs. Natural Gas Performance



## Base Metal Outlook

- MCX copper and aluminium prices slipped on Monday amid manufacturing slowdown in top metals consumer China. In recent months, Covid-19 lockdowns have weakened demand for the metal used widely in the power and construction industries
- However, sharp drop in LME warehouse inventories prevented further downside in copper and aluminium prices
- We expect MCX copper prices to drop for the day amid expectations of weak manufacturing PMI data from the US, eurozone and the UK. It is likely to break the hurdle of ₹ 665 to continue its downward trend towards ₹ 661 level

## Energy Outlook

- MCX crude oil prices eased almost 0.70% on Monday amid worries that aggressive US interest rate hikes may lead to a global economic slowdown and dent fuel demand
- However, sharp downside was restricted after the Saudi energy minister said Opec+ could cut production to confront market challenges
- We expect MCX crude oil prices to trade with a negative bias for the day amid worries over slowing fuel demand in China, the world's largest oil importer, partly because of a power crunch in the southwest

# Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
Manufacturing PMI (Aug)	Europe	1:30pm	-	49	49.8	Medium
Services PMI (Aug)	Europe	1:30pm	-	50.5	51.2	Medium
Manufacturing PMI	UK	2:00pm	-	51	52.1	High
Services PMI	UK	2:00pm	-	52	52.6	High
CBI Industrial Trends Orders (Aug)	UK	3:30pm	-	3	8	Medium
Manufacturing PMI (Aug)	US	7:15pm	-	52	52.2	Medium
Services PMI (Aug)	US	7:15pm	-	49.2	47.3	Medium
New Home Sales (Jul)	US	7:30pm	-	575K	590K	High

Source: Bloomberg, Reuters, ICICI Direct Research

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*Source: Bloomberg, Reuters, ICICI Direct Research*

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