

October 25, 2022

Daily Currency & Commodity Outlook

Daily Recommendation						
Currency/Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	Nov	Sell	656-656.50	650	660	1 day
GBPINR	Oct	Buy	93.40-93.45	93.90	93.10	1 day

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Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	112.02	111.87	0.13%
US\$INR	82.83	82.96	-0.16%
EURUSD	0.9877	0.9856	0.21%
EURINR	81.45	80.90	0.68%
GBPUSD	1.1279	1.1295	-0.14%
GBPINR	93.44	92.25	1.29%

Daily Currency Pivot levels

Futures	\$2	\$1	Pivot	R1	R2
US\$INR (Oct)	81.53	82.20	82.76	83.43	83.99
US\$INR (Nov)	81.78	82.44	83.00	83.66	84.22
EURINR (Oct)	79.58	80.27	80.94	81.63	82.30
EURINR (Nov)	80.01	80.67	81.30	81.96	82.59
GBPINR (Oct)	91.73	92.19	92.96	93.42	94.19
GBPINR (Nov)	92.07	92.52	93.29	93.73	94.50
JPYINR (Oct)	54.69	54.92	55.33	55.56	55.97
JPYINR (Nov)	55.05	55.30	55.67	55.92	56.29

- Rupee future maturing on October 27 appreciated yesterday amid a sharp rise in domestic equity markets. However, a further appreciation was restricted by a rise in crude oil prices

- The US dollar rose yesterday amid a rise in US 10 year's treasury yields. However, sharp upside was capped by weaker-than-expected economic data from the US. US manufacturing PMI fell to 49.9 in October 2022 from 52 in September, well below market forecasts of 51 and marking the sector's first contraction since June of 2020

- The Euro edged higher yesterday on expectations that ECB will hike interest rates by 75 basis points this week. However, a sharp drop in Germany 10 years bond yields and weaker than expected services PMI data from the eurozone prevented further upside

- The British pound slipped on Monday amid weaker than expected economic data from Britain. UK services PMI fell to 47.5 in October 2022, well below expectations of 49 and marking the first contraction in the British service sector activity since February 2021

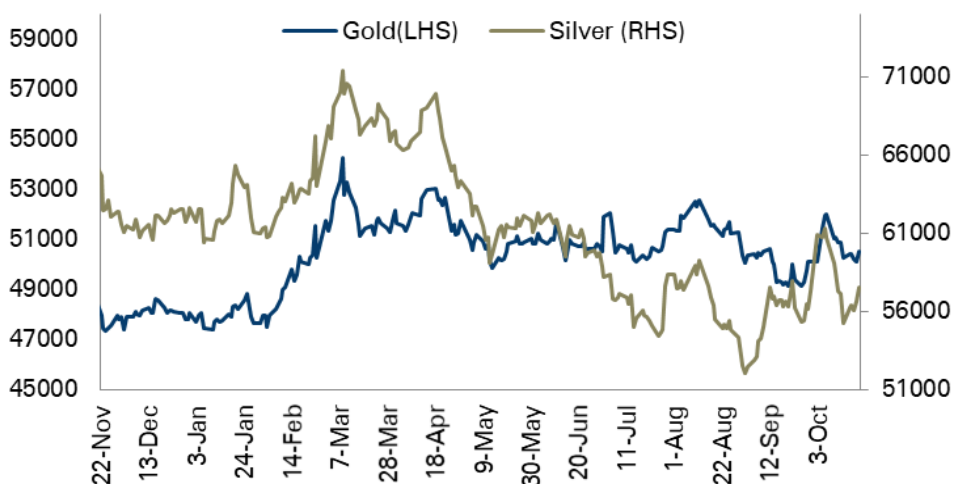
Follow-up

Currency/Commodity	Contract	Action	Price	Target	Stoploss	Comment
Natural gas	Nov	Sell	487-487.50	472	497	Target Achieved
EURINR	Oct	Buy	81.28-81.30	81.60	81.10	Not Initiated

Bullion Outlook

- MCX gold prices dropped yesterday amid an uptick in US dollar index and US 10 year's treasury yields
- However, further downside was prevented by weaker-than-expected macroeconomic data from the US
- MCX gold prices are expected to trade with a negative bias for the day amid strong US dollar index. It is likely to break the key support level of ₹ 50,400 to trade in a downward trend towards the level of ₹ 50,300 in the coming trading session
- However, expectations of disappointing CB consumer confidence data from the US may support bullion prices

MCX Gold vs Silver Performance



MCX Price Performance

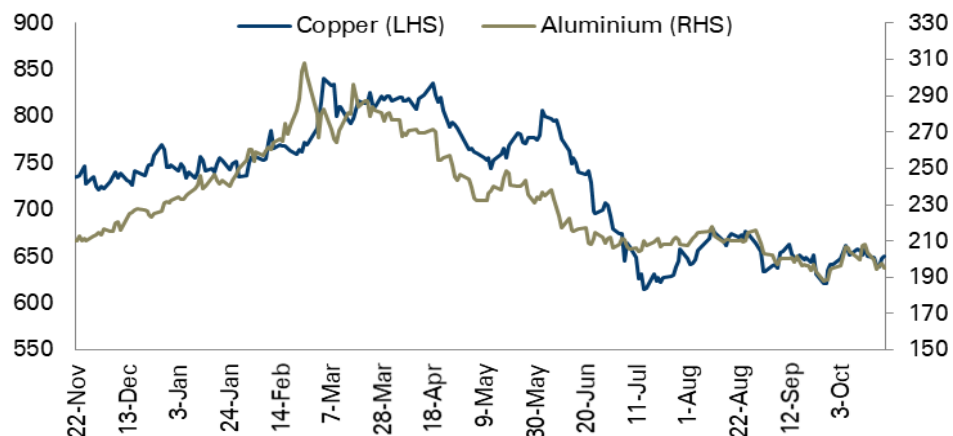
Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	50517	-0.22%	1654.70	-0.10%
Silver	57525	-0.15%	19.21	0.77%
MCXBULLDEX	13985	0.11%	-	-
Copper	650.30	-0.36%	7572.50	-0.97%
Aluminium	194.95	-0.99%	2182.00	-1.93%
Zinc	273.50	0.96%	2971.00	0.78%
Lead	178.25	-0.06%	1893.50	-4.25%
WTI Crude Oil	7050	0.10%	84.66	-0.46%
US Nat Gas	429.2	4.73%	5.79	5.85%
MCXENRGDEX	8268	1.50%	-	-

Daily Commodity Pivot Levels

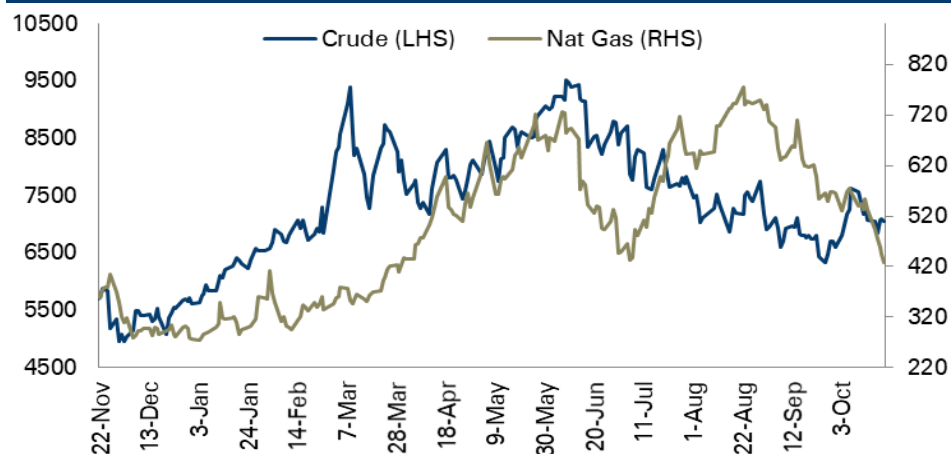
Commodity	S2	S1	Pivot	R1	R2
Gold	50395	50456	50578	50639	50761
Silver	57162	57343	57702	57883	58242
MCXBULLDEX	13912	13949	13988	14025	14064
Copper	647.1	648.7	650.0	651.6	652.9
Aluminium	192.8	193.9	195.2	196.3	197.7
Zinc	271.0	272.2	273.0	274.2	275.0
Lead	176.4	177.3	177.8	178.7	179.2
Crude Oil	6833	6942	7009	7118	7185
Nat Gas	391.1	410.1	422.1	441.1	453.1
MCXENRGDEX	7928	8098	8214	8384	8499

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 tumbled on Monday as yuan fell to its weakest against the dollar since 2008, making dollar-priced commodities costlier for Chinese buyers
- However, Chile's Codelco, the world's largest copper miner, expects copper demand in China, its main consumer, to be resilient, despite slower economic growth there. This prevented further downside in copper prices
- We expect MCX copper prices to trade with a negative bias for the day amid weakness in Chinese Yuan, which may make copper costlier for Chinese buyers

Energy Outlook

- MCX crude oil prices advanced on Monday as China's fuel exports hit a 15-month high and as weakening US business activity data eased expectations for more aggressive interest rate hikes
- Further, crude oil prices were supported after data showed China's oil imports from Russia soared 22% in September from a year earlier, as independent refiners bought more lower-priced Russian fuel in the face of weak domestic refining margins
- We expect MCX crude oil prices to trade with a positive bias for the day amid rising fuel demand in China

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German Ifo Business Climate Index (Oct)	EUR	1:30 PM	-	83.3	88.5	High
CBI Industrial Trends Orders (Oct)	GBP	3:30 PM	-	-	-2	Medium
CB Consumer Confidence (Oct)	USD	7:30 PM	-	106	103.2	High

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Source: Bloomberg, Reuters, ICICI Direct Research

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