

July 13, 2023

Daily Currency & Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	August	Buy	59000-59020	59400	58750	Intraday
EURINR	July	Buy	91.2	91.60	89.90	Intraday

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News and Developments

- Spot Gold prices rallied more than 1% amid sharp decline in dollar index and US treasury yields across curve. Yields dropped after data showed US inflation came in below expectations in June, boosting hopes that Federal Reserve is nearing the end of its interest rate hiking cycle
- US CPI climbed 3% in June from a year earlier, smallest annual increase in more than 2 years, with consumer price rising 0.2% last month. Core CPI increased 0.2% in the month, first time in 6 months that it did not post monthly gains of at least 0.4%. In the 12 months through June, the core CPI rose 4.8%
- Benchmark 10-year note yields dropped to 3.861% and Interest rate sensitive 2-year yields declined to 4.742%
- Dollar Index slipped to its lowest in more than a year yesterday after data showed price pressure moderated in US, signaling Fed may have to raise interest rates only 1 more time this year. DXY dropped to a low as 100.54, lowest since April 2022
- Crude oil prices rallied more than 1% on the back of weak dollar after inflation data from US spurred hopes that rate hike in July would be the last and US Fed could hit the brakes on its interest rate hike cycle sooner than anticipated. Meanwhile, US crude oil inventories jumped by 5.946M barrels during the week ending 7th July compared to expectation of 1.508M barrels draw
- Copper prices edged higher on Wednesday amid weak dollar and stronger credit data from China. Additionally, persistent decline in copper inventories at LME registered warehouses supported prices. Inventory stood at 54450 tons down 45% since early June

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59188	0.71%	1957.35	1.30%
Silver	73546	3.42%	24.12	4.33%
Copper	728	1.37%	8499.50	2.13%
Aluminium	200	1.68%	2236.00	3.11%
Zinc	217	1.21%	2425.50	2.95%
Lead	182	0.41%	2085.50	1.63%
WTI Crude Oil	6213	0.89%	75.75	1.23%
US Nat Gas	218	-3.07%	2.63	-3.63%

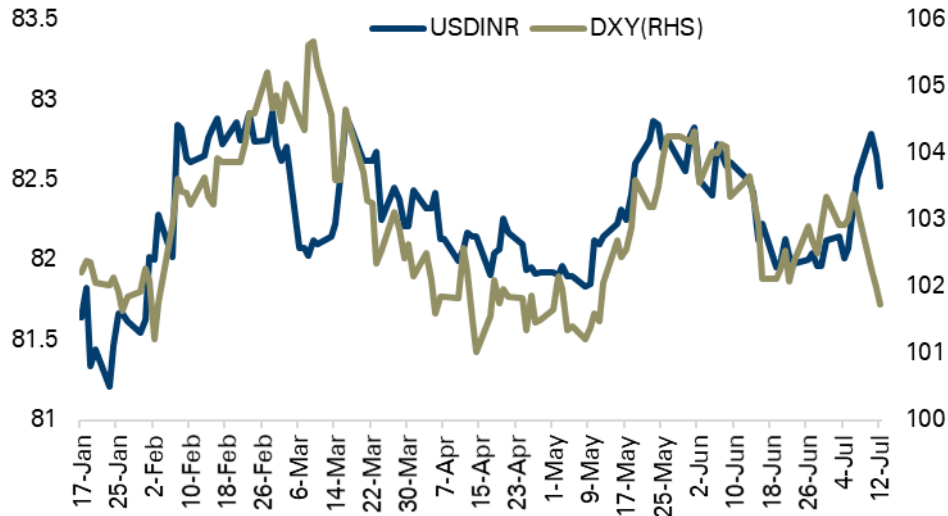
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	82.33	-0.16%	2341015	-104751	1644396	-518296
EURINR (27th July)	90.76	-0.01%	189474	-7518	120768	-22749
GBPINR (27th July)	106.30	-0.12%	489268	-19567	183808	-93641

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Silver Mini	August	Buy	71050-71100	71700	70700	Not Initiated
USDINR	July	Sell	82.5	82.3	82.62	Not Initiated

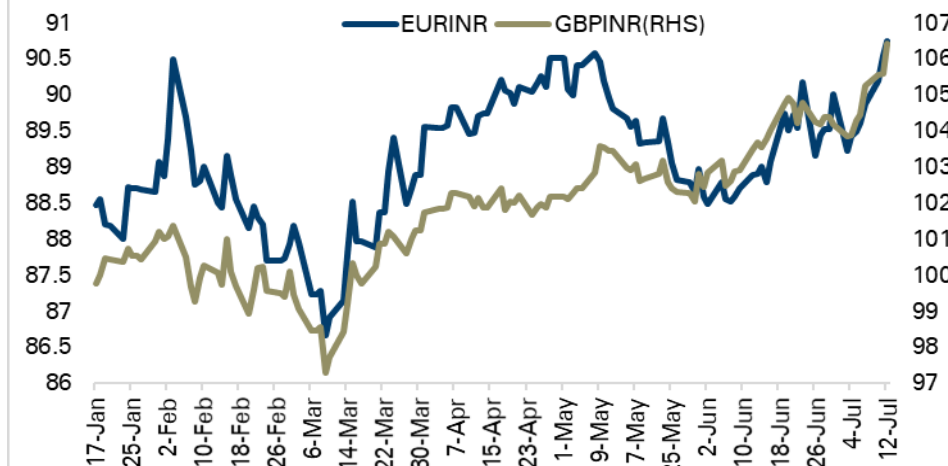
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee is likely to appreciate further amid weakness in dollar and uptick in domestic inflation number. The higher domestic inflation numbers has strengthened the case for RBI to delay rate cuts. The retail inflation rose to 4.8% in June against market expectation of 4.5% amid sharp increase in food prices. Moreover, drop in key US CPI numbers to its two years low has weakened the dollar index and raised the bets that Federal reserve would raise interest rates only one more time this year
- US\$INR is likely to decline towards 81.80 as long as its trades under the 82.20 mark. A move below 81.80 would weaken further towards 81.60

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to hold its gains amid weakness in the dollar. Further, expectation of better economic numbers from Eurozone could also provide enough strength to the pair to stay above 1.11 mark. EURUSD is most likely to rise towards 1.1180 level as long as it stays above 1.11. EURINR may find the support near 91.00 level and rise towards 91.80 level.
- Pound is likely to hold its gains amid a weaker dollar. Meanwhile forecast of drop in key UK GDP numbers could restrict sharp upside in the pair. For GBPUSD 1.30 holds a key psychological hurdle. A move above 1.30 it would open the doors for 1.3050. On the downside 1.2940 holds key support for the pair. GBPINR is likely to move in the range of 107.00-106.20. Only above 107.00 it would rise towards 107.60

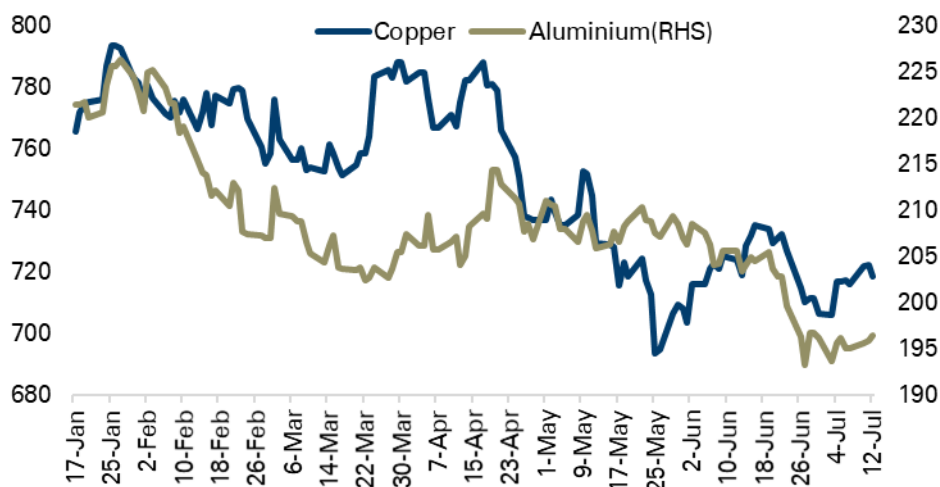
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise further till \$1975 as long as it trades above \$1945 (50-Day EMA). Gold prices may rally further amid weaker dollar and sharp decline in US treasury yields. Dollar is weakening as slowdown in hiring and ebbing price pressure may provide room for Fed to breathe, go for only 1 more rate hike this year and end the interest rate hike cycle sooner than expected. Meanwhile, traders will keep an eye on slew of economic data from US to gauge economic health of the country
- MCX Gold prices is likely to rise towards ₹59,450 level, as long as it trades above the support level of ₹ 58,800 levels
- MCX Silver is expected to move north towards ₹74,300 level as long as it sustains above ₹72700 level

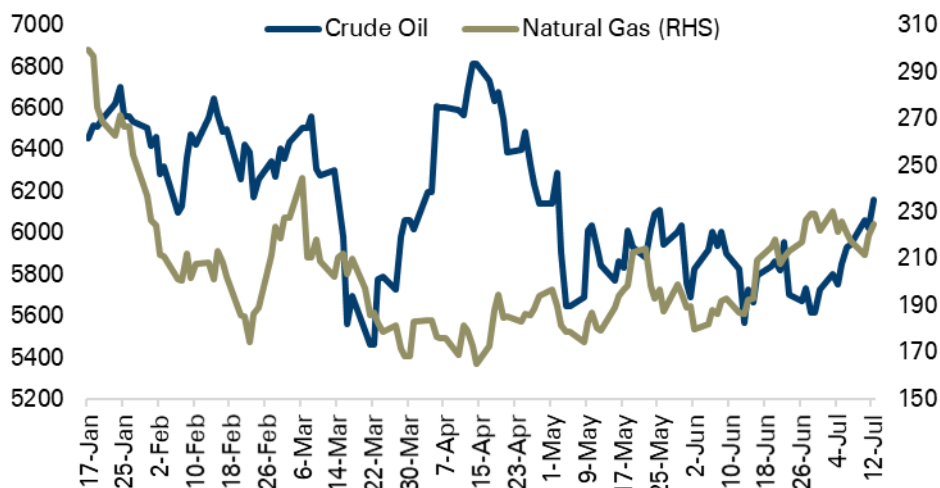
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid tumbling dollar and continuous decline in copper inventories at LME registered warehouses. However, further upside may be capped as investors will keep an eye on China trade data and its housing market data
- MCX Copper may rise further till ₹731 levels as long as it trades above ₹ 723 levels.
- MCX aluminium is expected to rise towards ₹201 level, as long as it trades above ₹198.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$75 and rise further towards \$77.0 level amid weakness in dollar and on fears that oil market may remain tight in second half of 2023. Additionally, ebbing price pressure in US has the raised the hopes that US federal Reserve is nearing the end of its interest rate hiking cycle. Meanwhile, bigger than expected US crude stock build may limit sharp upside in prices
- MCX Crude oil is likely to hold the support near ₹6150 level and rally further till ₹ 6300 level
- MCX Natural gas is expected to slip further till ₹209 level as long as it stays below ₹222 level. Prices may dip further as weather forecast called for cooler late July temperatures in much of Central and Eastern US

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58524	58856	59052	59384	59580
Silver	70274	71910	72790	74426	75306
Copper	714	721	725	732	736
Aluminium	195	197	199	201	202
Zinc	212	214	216	218	220
Lead	181	182	182	183	183
Crude Oil	6106	6159	6200	6253	6294
Nat Gas	210	214	220	224	231

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	82.22	82.27	82.34	82.39	82.45
US\$INR (Aug)	82.32	82.37	82.42	82.47	82.52
EURINR (July)	90.61	90.68	90.80	90.88	91.00
EURINR (Aug)	90.82	90.88	91.00	91.06	91.17
GBPINR (July)	105.91	106.10	106.44	106.63	106.97
GBPINR (Aug)	105.99	106.17	106.48	106.66	106.98
JPYINR (July)	58.95	59.05	59.15	59.25	59.35
JPYINR (Aug)	59.30	59.39	59.47	59.56	59.65

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	100.52	101.73	-1.19%
US\$INR	82.25	82.37	-0.14%
EURUSD	1.1129	1.1009	1.09%
EURINR	90.70	90.66	0.04%
GBPUSD	1.2988	1.2933	0.43%
GBPINR	106.35	106.37	-0.02%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.115	7.093	0.022
US	3.857	3.970	-0.1127
Germany	2.541	2.649	-0.108
UK	4.514	4.663	-0.149
Japan	0.474	0.459	0.015

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
7/12/2023	8:30 PM	5.9M	-1.1M
7/6/2023	8:30 PM	-1.5M	-1.0M
6/28/2023	8:00 PM	-9.6M	-1.4M
6/22/2023	8:30 PM	-3.8M	0.3M
6/14/2023	8:00 PM	7.9M	-1.3M
6/7/2023	8:00 PM	-0.451M	1.022M
6/1/2023	8:30 PM	4.488M	-1.101M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	54450	-2625	-4.60%
Aluminium	528100	-3625	-0.68%
Zinc	72150	-775	-1.06%
Lead	45675	-125	-0.27%
Nickel	37626	-252	-0.67%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, July 10, 2023						
7:00 AM	China	CPI y/y	0%	0.20%	0.2%	Medium
7:00 AM	China	PPI y/y	-5.40%	-5.00%	-4.60%	Medium
7:30 PM	US	Final Wholesale Inventories m/m	0.0%	-0.1%	-0.1%	High
Tuesday, July 11, 2023						
11:30 AM	UK	Claimant Count Change	25.7K	20.5K	-13.6K	High
11:30 AM	UK	Unemployment Rate	4.00%	3.80%	3.80%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-14.7	-10.7	-8.5	Medium
Wednesday, July 12, 2023						
5:30 PM	India	Industrial Production y/y	5.2%	5.00%	4.20%	Medium
5:30 PM	India	Inflation Rate y/y	4.8%	4.10%	4.25%	Medium
6:00 PM	US	CPI y/y	3.0%	3.10%	4.00%	High
8:00 PM	US	Crude Oil Inventories	5.9M	-1.1M	-1.5M	Medium
Thursday, July 13, 2023						
11:30 AM	UK	GDP m/m		-0.30%	0.20%	High
11:30 AM	UK	Industrial Production m/m		-0.40%	-0.30%	Medium
2:30 PM	Europe	Industrial Production m/m		0.30%	1.00%	Medium
6:00 PM	US	PPI m/m		0.20%	-0.30%	High
6:00 PM	US	Initial Jobless Claims		251K	248K	High
8:00 PM	US	Natural Gas Storage		-	72B	Medium
Friday, July 14, 2023						
2:30 PM	Europe	Trade Balance		-10.3B	-7.1B	Medium
7:30 PM	US	Prelim UoM Consumer Sentiment		65.50	64.40	High

Source: Bloomberg, Reuters, ICICI Direct Research



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