

July 14, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	August	Buy	59080-59100	59500	58850	Intraday
EURINR	July	Buy	92	92.40	91.74	Intraday

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News and Developments

- Spot Gold prices hovered near 1-month high amid sharp decline in dollar index and US treasury yields across curve. Yields dropped as moderation in price pressure boosted hopes that Federal Reserve is nearing the end of its interest rate hiking cycle. It will stop hiking interest rates after an expected 25bps rate increase later this month
- US Producer prices barely rose in June and the annual increase in producer inflation was the smallest in nearly 3-years, signalling price pressure is ebbing. The producer price index for final demand nudged up 0.1% last month
- Benchmark 10-year note yields dropped to 2 week low to 3.767% and Interest rate sensitive 2-year yields were lowest since mid-June to 4.632%
- Dollar Index slipped to its lowest since April 2022 yesterday as moderating price pressure bolstered bets that Fed would raise interest rates only 1 more time this year. DXY dropped to a low as 99.74
- Crude oil prices rallied more than 1.5% on the back of weaker dollar and on fears over supply tightness in the near months. Further, OPEC in its report maintained an upbeat world oil demand outlook despite of economic headwinds. It raised its growth forecast for 2023
- Copper prices edged higher on Thursday amid weak dollar and rise in risk appetite in the global markets. However, further upside was capped as data from China showed exports fell last month at their fastest pace since the onset 3-years ago of the COVID-19 pandemic

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59239	0.09%	1960.51	0.16%
Silver	75326	2.42%	24.88	3.14%
Copper	740	1.57%	8694.00	2.29%
Aluminium	202	1.08%	2278.00	1.88%
Zinc	220	1.29%	2479.00	2.21%
Lead	183	0.11%	2127.00	1.99%
WTI Crude Oil	6246	0.53%	76.89	1.50%
US Nat Gas	211	-3.35%	2.55	-3.31%

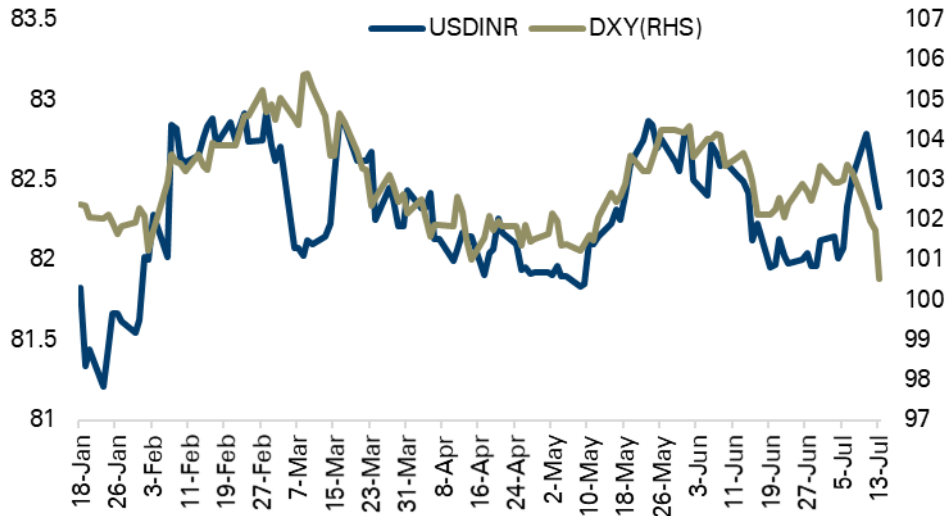
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	82.12	-0.25%	2232825	-108190	2494629	850233
EURINR (27th July)	91.76	1.11%	202970	13496	217506	96738
GBPINR (27th July)	107.26	0.91%	481742	-7526	278604	94796

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	August	Buy	59000-59020	59400	58750	Not Initiated
EURINR	July	Buy	91.2	91.6	89.9	Not Initiated

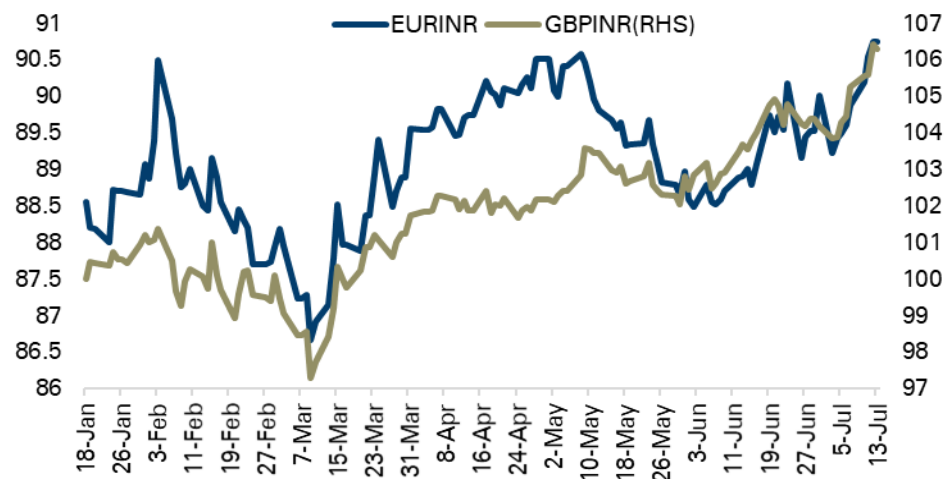
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee is expected to hold its gains amid weakness in dollar. The drop in US producer prices reinforced the view that inflation is moderating. The softness in the inflation numbers has raised the bets that the Federal reserve would hike interest rates just one more time this year. Meanwhile, expectation of better economic numbers from US could provide some support to the dollar
- US\$INR is likely to face the hurdle near 82.30 and decline towards 81.90. A move below 81.90 would weaken the pair further towards 81.80

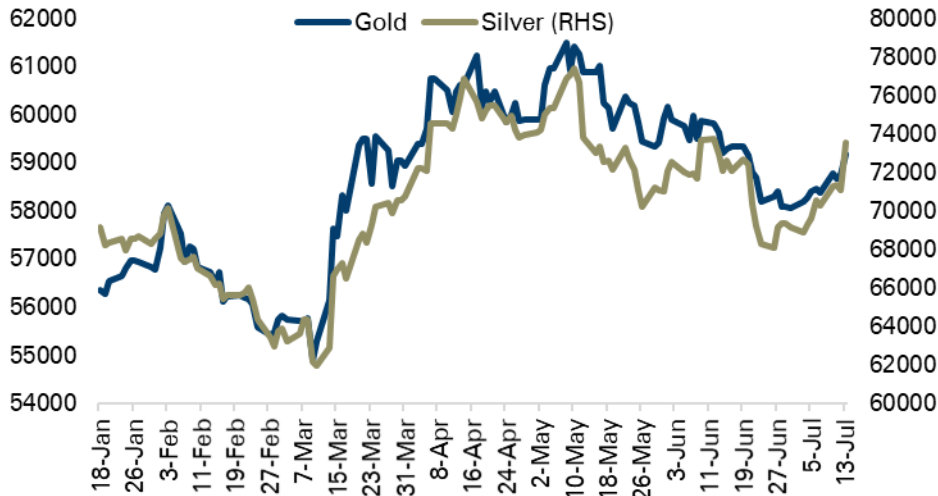
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to hold its gains amid weakness in the dollar. The hawkish minutes of June ECB meeting also strengthened the prospects of further hike in interest rate. EURUSD is most likely to rise towards 1.1270 level as long as it trades above 1.1160. EURINR may find the support near 91.70 level and rise towards 92.40 level.
- Pound is expected to hold its gains amid a weaker dollar. For GBPUSD 1.3030 could act as key support and on the upside 1.3150 would remain as major hurdle. A move above 1.3150 it would open the doors for 1.32. GBPINR is likely to move in the range of 107.00-108.00. Only above 108.00 it would rise towards 108.50

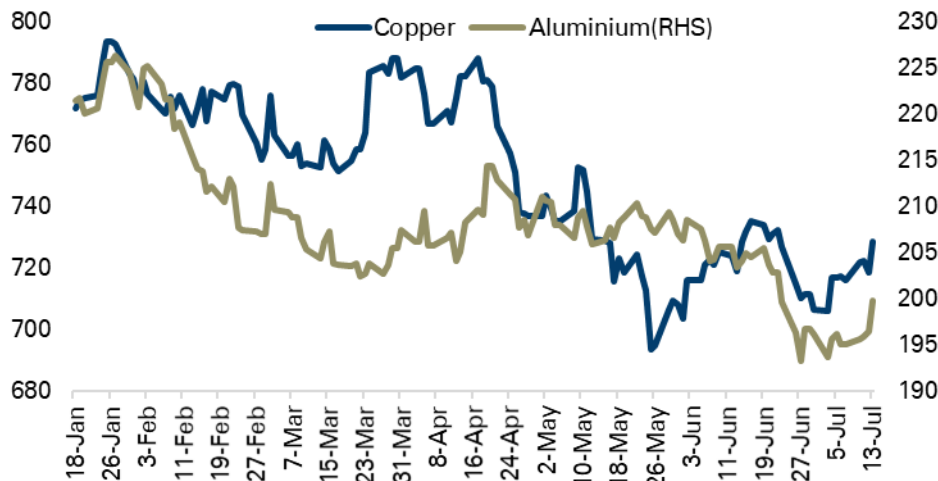
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$1945 (50-Day EMA) and rally further till \$1975 amid weakness in dollar and tumbling US treasury yields. Yields are sinking as recent batch of economic data boosted bets that Federal Reserve would go for only 1 more rate hike this year and end the interest rate hike cycle soon. Meanwhile, traders will keep an eye on consumer sentiment index and inflation expectation data
- MCX Gold prices is likely to rise towards ₹59,500 level, as long as it trades above the support level of ₹ 59,000 levels (50-Day EMA)
- MCX Silver is expected to continue its rally towards ₹76,000 level as long as it sustains above ₹74400 level

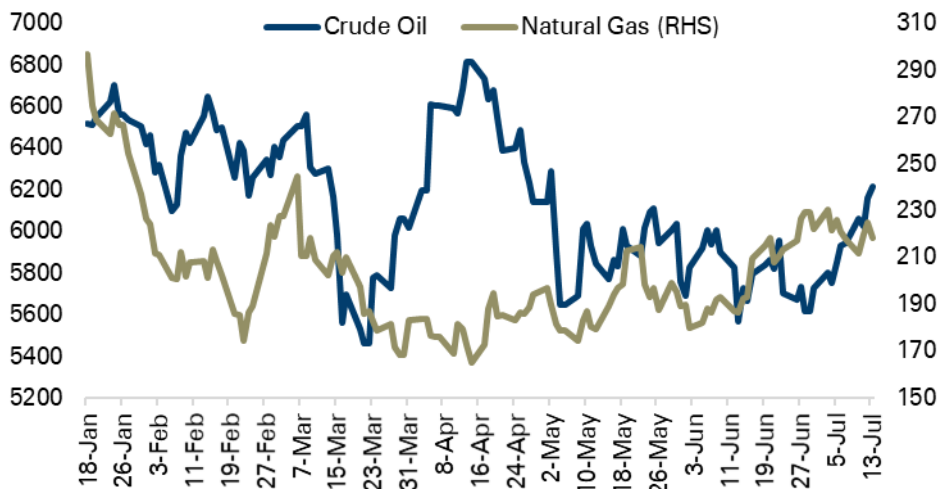
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias as dollar fell to its lowest level in several months. Further, prices may rally on rise in risk appetite in the global markets and persistent decline in stock at LME registered warehouses. Additionally, ailing Chinese economy may put pressure on policymakers to unveil fresh stimulus measures.
- MCX Copper may rise further till ₹745 levels as long as it trades above ₹ 734 levels.
- MCX aluminium is expected to rise towards ₹203 level, as long as it trades above ₹201 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$78.0 level amid weak dollar, optimistic global markets sentiments and on expectation for record global oil demand this year despite of economic headwinds. Additionally, recent data showed inflation is moderating to its slowest pace in years in US, raising hopes that Federal Reserve may put an end to its interest rate hiking cycle sooner than expected
- MCX Crude oil is likely to hold the support near ₹6150 level and rally further till ₹ 6320 level
- MCX Natural gas is expected to slip further till ₹205 level as long as it stays below ₹218 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	58992	59116	59245	59369	59498
Silver	72953	74139	74780	75966	76607
Copper	723	731	736	745	750
Aluminium	198	200	201	203	204
Zinc	216	218	219	221	222
Lead	182	182	183	183	184
Crude Oil	6129	6188	6243	6302	6357
Nat Gas	203	207	213	217	223

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.90	82.01	82.10	82.21	82.30
US\$INR (Aug)	81.99	82.10	82.20	82.31	82.41
EURINR (July)	91.21	91.49	91.63	91.90	92.05
EURINR (Aug)	91.00	91.47	91.72	92.19	92.43
GBPINR (July)	106.35	106.81	107.07	107.53	107.79
GBPINR (Aug)	106.38	106.85	107.12	107.60	107.87
JPYINR (July)	59.19	59.33	59.44	59.58	59.69
JPYINR (Aug)	59.51	59.67	59.78	59.94	60.05

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	99.77	100.52	-0.75%
US\$INR	82.07	82.25	-0.22%
EURUSD	1.1226	1.1129	0.87%
EURINR	91.70	90.70	1.11%
GBPUSD	1.3136	1.2988	1.14%
GBPINR	107.27	106.35	0.87%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.075	7.115	-0.04
US	3.763	3.857	-0.0939
Germany	2.450	2.541	-0.091
UK	4.422	4.514	-0.092
Japan	0.475	0.474	0.001

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)

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

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	-0.10%	-0.30%	0.20%	High
11:30 AM	UK	Industrial Production m/m	-0.60%	-0.40%	-0.30%	Medium
2:30 PM	Europe	Industrial Production m/m	0.20%	0.30%	1.00%	Medium
6:00 PM	US	PPI m/m	0.10%	0.20%	-0.30%	High
6:00 PM	US	Initial Jobless Claims	237K	251K	248K	High
8:00 PM	US	Natural Gas Storage	49B	49B	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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