

July 19, 2023

Daily Currency & Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	July	Buy	724	730	721	Intraday
EURINR	July	Buy	92	92.50	91.80	Intraday

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News and Developments

- Spot Gold prices edged higher over 1% yesterday to more than 1 month high amid decline in US treasury yields. US yields dips as retail sales grew in June at slower pace than expected. Further, recent economic data fuelled the bets that US Fed will put a brake on interest rate hiking cycle after increasing rates by 25bps in this month
- US Retail sales rose just 0.2% in June compared to revised figure of 0.5% in May. On yearly basis it increased by 1.5%
- Further, demand for safe haven increased on fears that US economy will dip into recession. US treasury yield curve, the gap between yields on 10-year and 2-year treasury note inverted at -96 bps. An inverted yield curve is often seen as a red flag that a recession is looming
- Dollar Index touched 15-month low after disappointing economic data from country. Further, investors await on Federal Reserve interest rate decision next week
- Crude oil prices rose over 2% as US dollar held near 15-month low and expected decline in US crude output. However, comments from IMF chief that global economic growth is slowing capped further upside in prices
- Copper prices recouped most of its losses as US dollar remained near 15 month low and on hopes for stimulus from China. Authorities in China said they will roll out policies on consumption recovery and expansion, boost automobile and electronics demand and increase household income

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59763	1.06%	1978.72	1.21%
Silver	76103	0.71%	25.06	0.86%
Copper	725	-0.20%	8473.00	-0.21%
Aluminium	197	-1.18%	2203.50	-2.28%
Zinc	214	-0.37%	2395.00	-0.62%
Lead	182	0.08%	2096.00	-0.17%
WTI Crude Oil	6221	2.18%	75.75	2.16%
US Nat Gas	217	4.28%	2.63	4.66%

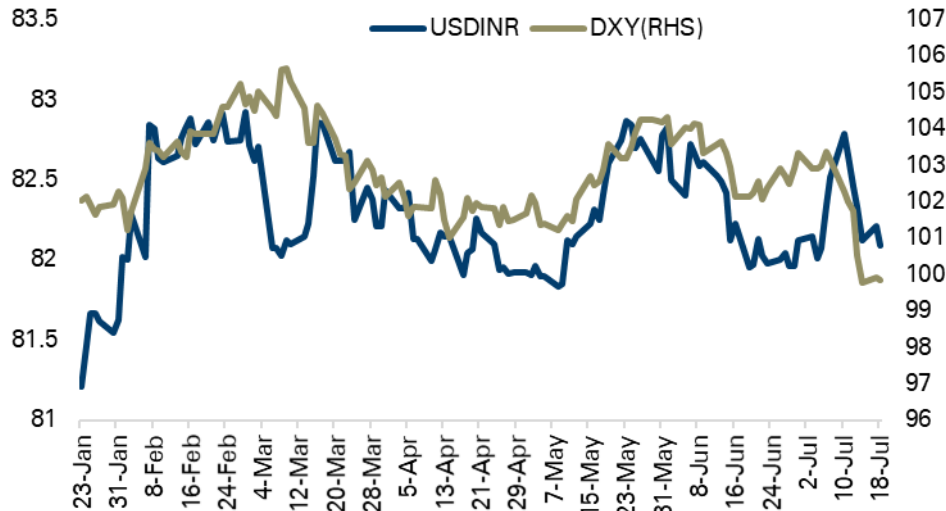
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	82.07	-0.02%	2150752	-61046	1743485	-329371
EURINR (27th July)	92.33	0.11%	197001	-1770	130668	36369
GBPINR (27th July)	107.52	0.18%	434283	-7230	171713	17249

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	August	Sell	6130-6140	6020	6200	Stoploss triggered
USDINR	July	Buy	82	82.25	81.85	Profit Booked

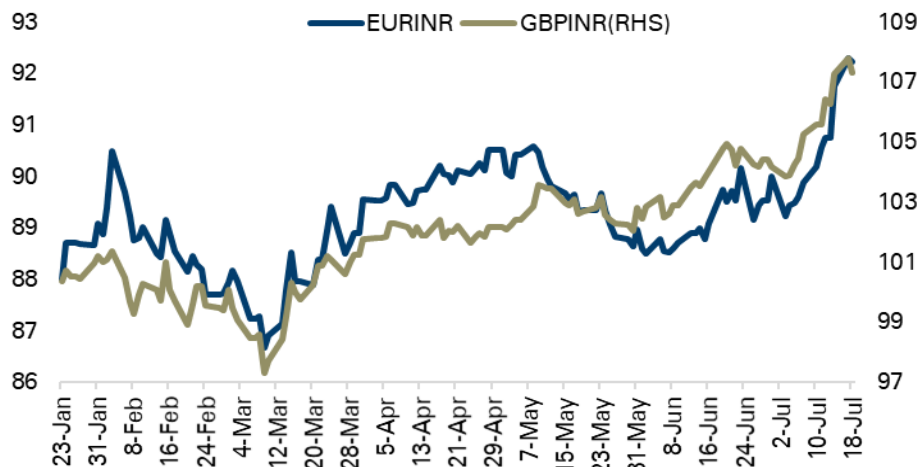
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee is expected to appreciate amid weakness in the dollar. The forecast of weaker set of economic numbers from US could force the Fed to take a pause in its rate hike regime after much anticipated 25 bps hike in the July meeting. Meanwhile rise in crude oil prices could limit the appreciation in the rupee
- US\$INR is likely to consolidate in a narrower range of 81.90-82.25 today. Only a move outside of the range would bring more clarity in the direction. Above 82.25 it would rise towards 82.40. On the other hand a move below 81.90 would weaken towards 81.80

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to hold its ground against the dollar ahead of the key CPI numbers. The forecast of sticky inflation numbers could force the ECB to hold its monetary policy tight in its fight against inflation. EURUSD is most likely to find support near 1.12 and move towards 1.1280. EURINR may find support near 92.00 level and rebound towards 92.60 level
- Pound is expected to hold the psychological support near 1.30 and move towards 1.31 amid expectation of higher inflation numbers in UK. The forecast of higher inflation numbers would force the BOE to increase the interest rates again. GBPINR is expected to hold support near 106.80 and move towards 107.60.

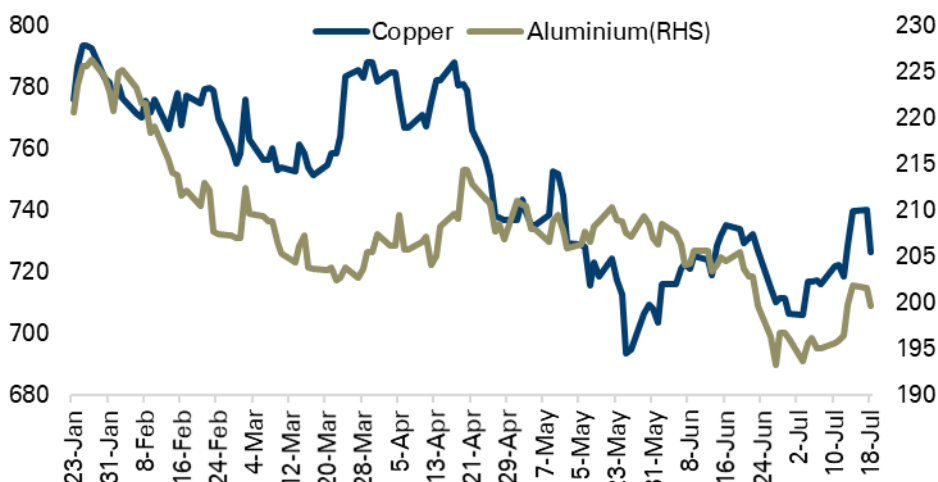
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise further till \$1990 level as long as it trades above \$1945 (50-day EMA). Gold prices will rally further amid soft dollar and decline in US treasury yields. Further, poor economic data from US boosted expectations that US central bank will hit a pause button on rate hike cycle after a widely expected 25bps increase at its upcoming policy meet. Further, demand for safe haven may increase on concern over global economic slowdown
- MCX Gold prices is likely to move north towards ₹60,200 level as long as it trades above the support level of ₹ 59,400 levels
- MCX Silver is expected to rise further till ₹76,800 level as long as it hold the support near ₹75,500 level

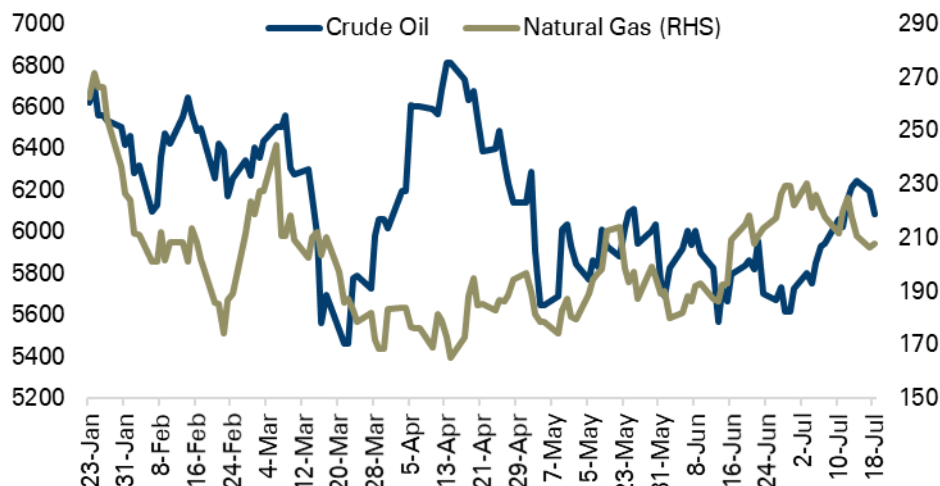
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar and on hopes for more stimulus from China to revive its economic growth. However, sharp upside may be capped on expectation of weak housing data from US
- MCX Copper may rise further towards till ₹731 levels as long as it trades above ₹721 levels
- MCX aluminium is expected to move south towards ₹196 level, as long as it trades under ₹198.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move further north towards \$77 level on weak dollar and worries over supply tightness in the near term. Further, series of disappointing economic data from US boosted expectations that Fed will stop hiking interest rates after July meeting. Additionally, weekly EIA report is expected to show that US crude oil inventories declined by 2 million barrels last week
- MCX Crude oil is likely to rise towards ₹6320 level as long as it trades above ₹ 6120 level
- MCX Natural gas is expected to move upwards towards ₹221 level as long as it stays above ₹209 level (50-day EMA). Natural gas prices may rally further as hot long term weather forecasts will boost cooling demand

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58934	59349	59629	60044	60324
Silver	74980	75541	76001	76562	77022
Copper	718	721	725	728	731
Aluminium	195	196	198	199	201
Zinc	211	213	214	215	217
Lead	182	182	182	183	183
Crude Oil	6004	6113	6172	6281	6340
Nat Gas	205	211	214	220	223

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.95	82.01	82.06	82.12	82.17
US\$INR (Aug)	82.04	82.10	82.15	82.20	82.25
EURINR (July)	92.01	92.17	92.33	92.49	92.66
EURINR (Aug)	92.23	92.38	92.54	92.69	92.85
GBPINR (July)	107.08	107.30	107.48	107.70	107.87
GBPINR (Aug)	107.17	107.38	107.55	107.76	107.93
JPYINR (July)	59.16	59.31	59.42	59.57	59.69
JPYINR (Aug)	59.54	59.68	59.79	59.93	60.04

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	99.94	99.84	0.10%
US\$INR	82.03	82.05	-0.03%
EURUSD	1.1229	1.1236	-0.06%
EURINR	92.29	92.28	0.01%
GBPUSD	1.3036	1.3073	-0.28%
GBPINR	107.48	107.44	0.04%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.057	7.075	-0.018
US	3.785	3.807	-0.0215
Germany	2.355	2.448	-0.093
UK	4.331	4.431	-0.1
Japan	0.480	0.481	-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)

Commodity	Current Stock	Change in Stock	% Change
Copper	59200	25	0.04%
Aluminium	517400	-3400	-0.65%
Zinc	80375	10650	15.27%
Lead	49025	600	1.24%
Nickel	36924	-384	-1.03%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, July 17, 2023						
7:30 AM	China	GDP q/y	6%	7.10%	4.50%	High
7:00 AM	China	Industrial Production y/y	4.40%	2.50%	3.50%	High
1:45 PM	Europe	ECB President Lagarde Speaks	-	-	-	Medium
6:00 PM	US	Empire State Manufacturing Index	1.1	-3.5	6.6	High
Tuesday, July 18, 2023						
6:00 PM	US	Retail Sales m/m	0.20%	0.50%	0.30%	High
6:45 PM	US	Industrial Production m/m	-0.50%	0.00%	-0.20%	Medium
Wednesday, July 19, 2023						
11:30 AM	UK	CPI y/y		8.20%	8.70%	High
5:30 PM	Europe	Final CPI y/y		5.50%	5.50%	Medium
6:00 PM	US	Building Permits		1.49M	1.49M	Medium
8:00 PM	US	Crude Oil Inventories		-	5.9M	Medium
Thursday, July 20, 2023						
6:00 PM	US	Unemployment Claims		242K	237K	High
6:00 PM	US	Philly Fed Manufacturing Index		10.2	-13.7	Medium
7:30 PM	US	Existing Home Sales		4.22M	4.30M	Medium
8:00 PM	US	Natural Gas Storage		-	49B	Medium
Friday, July 21, 2023						
11:30 AM	UK	Retail Sales m/m		0.20%	0.30%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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