

July 20, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	August	Buy	59580-59600	60000	59350	Intraday
EURINR	July	Buy	92	92.40	91.80	Intraday

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News and Developments

- Spot Gold prices hovered near 8 week high amid decline in US 10-year treasury yields. US 10-yields decline following poor housing data from US and on bets that US Fed is nearing the end of its rate hiking cycle. Additionally, US treasury yield curve, the gap between yields on 10-year and 2-year treasury note widened to -102.4 bps. An inverted yield curve is often seen as a red flag that a recession is looming
- US housing starts fell by 8% in June to 1.43 million and building permits dropped by 3.7% to a rate of 1.440 million unit last month
- Dollar Index bounced back yesterday as investors await on Federal Reserve interest rate policy next week, where central bank is likely to hike rates by 25bps. Additionally, as inflation in the United Kingdom cooled more than expected in June, pushed the pound sharply lower against other major currencies
- Crude oil prices slipped yesterday amid strength in dollar index. However, sharp downside was cushioned on tighter US crude oil supplies. As per EIA weekly report, crude oil inventories fell by 708,000 barrels last week to 457.4 million barrels. Gasoline stocks decline by 1.1 million barrels. Additionally, sales of crude oil from the U.S. Strategic Petroleum Reserves (SPR) ended in the last week of June, tightening the market for crude oil globally. SPR stood at 346.8 million barrels
- Copper prices declined yesterday amid re-bounce in dollar and worries about lack of major stimulus and weak demand in China. Additionally, prices slipped on rise in inventories coupled with decline in cancel warrants at LME registered warehouses

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59790	0.05%	1976.64	-0.11%
Silver	76409	0.40%	25.15	0.36%
Copper	722	-0.34%	8429.00	-0.52%
Aluminium	196	-0.53%	2190.50	-0.59%
Zinc	212	-0.89%	2359.50	-1.48%
Lead	182	-0.47%	2085.50	-0.50%
WTI Crude Oil	6215	-0.10%	75.35	-0.53%
US Nat Gas	215	-0.69%	2.60	-0.99%

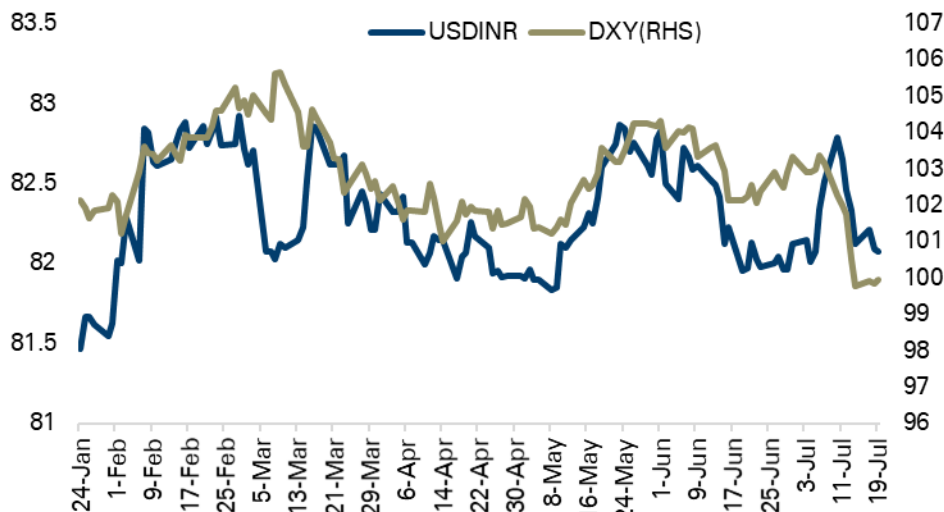
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	82.13	0.08%	2103364	-47388	1365523	-377962
EURINR (27th July)	92.09	-0.26%	210403	13402	183274	52606
GBPINR (27th July)	106.02	-1.39%	364746	-69537	471600	299887

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	July	Buy	724	730	721	Stoploss Triggered
EURINR	July	Buy	92	92.5	91.8	Profit Booked

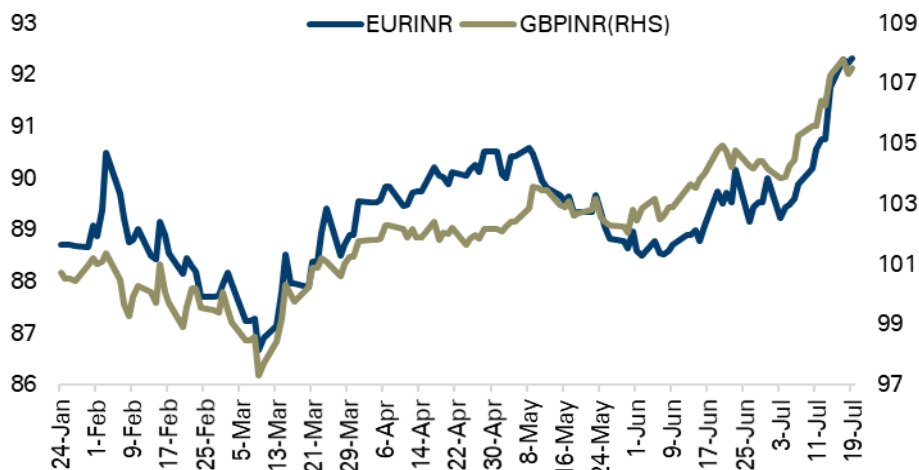
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee is expected to consolidate near the 82.00 mark as investors turned cautious ahead of the next week's FOMC meeting. Meanwhile, expectation of weak economic numbers could restrict the upside in the dollar. Further, rising probability of Fed pause after July hike could also weigh on the dollar.
- US\$INR is likely to consolidate in the range of 81.90-82.25. A move outside the range could bring more clarity in the trend. Below 81.90 it would slide towards 81.70. Similarly above 82.25 it would rise towards 82.45.

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to recover its yesterday's losses amid weakness in dollar. Further sticky inflation numbers could force the ECB to stick to its hawkish monetary policy. EURUSD is most likely to find support near 1.1180 and move higher towards 1.1250. EURINR may find the support near 91.80 level and rise towards 92.40 level.
- Pound lost the most yesterday after UK inflation number dropped below the 8% for the first time since May 2022. The pair is expected to face the hurdle near 1.3050 and inch lower towards 1.2880. GBPINR is likely to face the resistance near 106.60 and move towards the immediate support near 105.80.

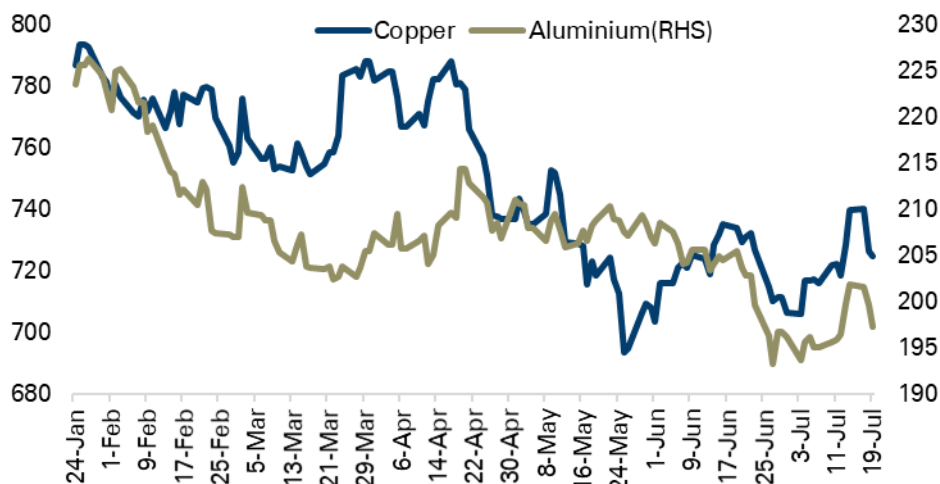
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise further till \$1990 level as long as it trades above \$1965 level amid soft dollar and decline in US treasury yields. Further, recent economic data from US re-ignited hopes that US central bank may soon hit a pause button on rate hiking cycle after a widely expected 25bps increase at its July policy meet. Moreover, investors will keep an eye on data from US to gauge economic health of the country
- 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

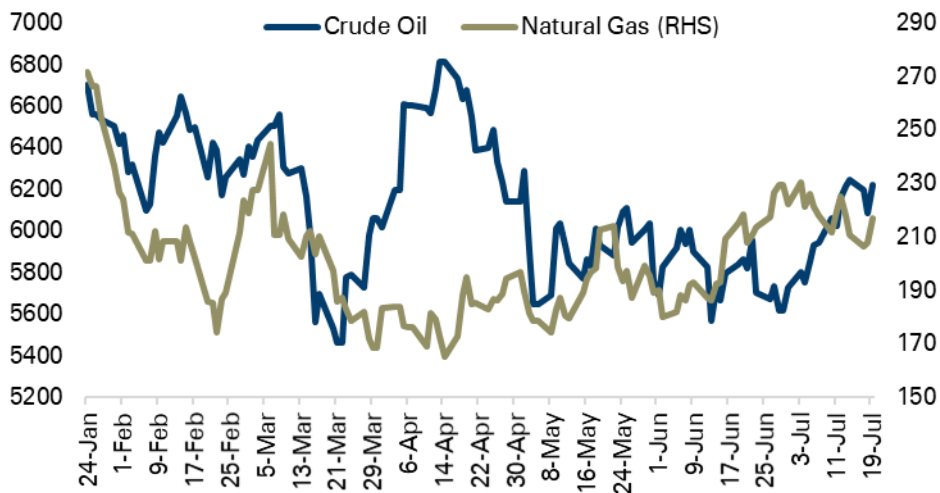
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid soft dollar and rise in risk appetite in the global markets. Further, prices may rally on China's pledge to revive its economic growth. Meanwhile, lackluster demand in world's top metal consumer China and expectation of disappointing economic data from US may prevent sharp upside in prices
- MCX Copper may rise further towards till ₹728 levels as long as it trades above ₹718 levels
- MCX aluminium is expected to move north towards ₹197.50 level, as long as it trades above ₹195.80 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$74.50 and bounce back to \$76.50 level on soft dollar, optimistic global market sentiments and tighter US crude supplies. Further, declining inflation in US and abroad have re-ignited hopes that major central banks does not need to be more aggressive in increasing rate's. Additionally, China's top planner pledge to roll out policies to restore and expand consumption.
- MCX Crude oil is likely to rise back towards ₹6300 level as long as it trades above ₹ 6150 level
- MCX Natural gas is expected to move downwards towards ₹210 level as long as it stays below ₹218 level.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59461	59625	59752	59916	60043
Silver	75606	76008	76316	76718	77026
Copper	716	719	722	725	728
Aluminium	195	196	196	197	198
Zinc	210	211	213	214	215
Lead	181	181	182	182	183
Crude Oil	6096	6156	6235	6295	6374
Nat Gas	210	213	215	218	221

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	82.05	82.09	82.14	82.18	82.23
US\$INR (Aug)	82.14	82.18	82.22	82.26	82.30
EURINR (July)	91.83	91.96	92.13	92.26	92.43
EURINR (Aug)	92.00	92.13	92.34	92.48	92.69
GBPINR (July)	105.22	105.62	106.32	106.72	107.42
GBPINR (Aug)	105.45	105.79	106.44	106.78	107.43
JPYINR (July)	58.40	58.58	58.88	59.07	59.37
JPYINR (Aug)	58.78	58.96	59.28	59.45	59.77

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	100.28	99.94	0.34%
US\$INR	82.10	82.03	0.08%
EURUSD	1.1201	1.1229	-0.25%
EURINR	92.19	92.29	-0.11%
GBPUSD	1.2940	1.3036	-0.74%
GBPINR	106.30	107.48	-1.10%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.075	7.057	0.018
US	3.748	3.785	-0.037
Germany	2.406	2.355	0.051
UK	4.215	4.331	-0.116
Japan	0.466	0.480	-0.014

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
19-07-2023	8:00 PM	-0.708M	-2.0M
12-07-2023	8:30 PM	5.9M	-1.1M
06-07-2023	8:30 PM	-1.5M	-1.0M
28-06-2023	8:00 PM	-9.6M	-1.4M
22-06-2023	8:30 PM	-3.8M	0.3M
14-06-2023	8:00 PM	7.9M	-1.3M
07-06-2023	8:00 PM	-0.451M	1.022M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	59325	125	0.21%
Aluminium	514300	-3100	-0.60%
Zinc	90825	10450	13.00%
Lead	50350	1325	2.70%
Nickel	37560	636	1.72%

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	7.9%	8.20%	8.70%	High
5:30 PM	Europe	Final CPI y/y	5.5%	5.50%	5.50%	Medium
6:00 PM	US	Building Permits	1.44M	1.49M	1.49M	Medium
8:00 PM	US	Crude Oil Inventories	-0.7M	-2M	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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