

July 24, 2023

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## Daily Currency & Commodities Outlook

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### Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mni	Aug	Sell	59340-59350	58900	59600	Intraday
USDINR	July	Buy	81.95	82.15	81.84	Intraday

### Research Analysts

**Raj Deepak Singh**

rajdeepak.singh@icicisecurities.com

**Saif Mukadam**

saif.mukadam@icicisecurities.com

**Anup Sahu**

anup.sahu@icicisecurities.com

## News and Developments

- Spot Gold prices slipped on Friday from its 2-month peak amid strong dollar and rise in short term US treasury yields. Yields moved up on signs of labor market strength and ahead of FOMC policy decision next week. A 25bps hike in the Fed funds rate is priced in, investors are divided on the need for further monetary tightening
- Benchmark 10-year treasury yield hovered around 3.85% and 2-year Treasury yield, which typically moves in step with interest rate expectations rose to 4.85%
- Dollar Index moved higher ahead of FOMC meeting due next week, where central bank is widely expected to hike interest rates by another 25bps. Additionally, investors prepare for next week other major central banks policy meeting, ECB and BOJ
- Crude oil prices ended on positive note on concerns over supply shortages in the coming months and escalating tension between Russia and Ukraine. Further, as per energy services firm Baker Hughes US energy firms reduced the number of Oil rigs by 7, their highest cut since early June. US oil rig count is at its lowest since March 2022
- Copper prices edged lower on Friday amid strong dollar, rise in inventories at LME registered warehouses and weak global market sentiments. Meanwhile, sharp downside was cushioned as Chinese authorities unveiled measures to boost consumption of automobile and electronics item

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59309	-0.41%	1961.94	-0.39%
Silver	74970	-0.63%	24.61	-0.59%
Copper	724.7	-0.73%	8452.00	-0.39%
Aluminium	196.6	0.25%	2204.50	0.16%
Zinc	212.7	-0.16%	2372.00	-0.48%
Lead	182.9	0.44%	2139.50	1.54%
WTI Crude Oil	6298	1.40%	77.07	1.90%
US Nat Gas	221.7	-1.82%	2.71	-1.60%

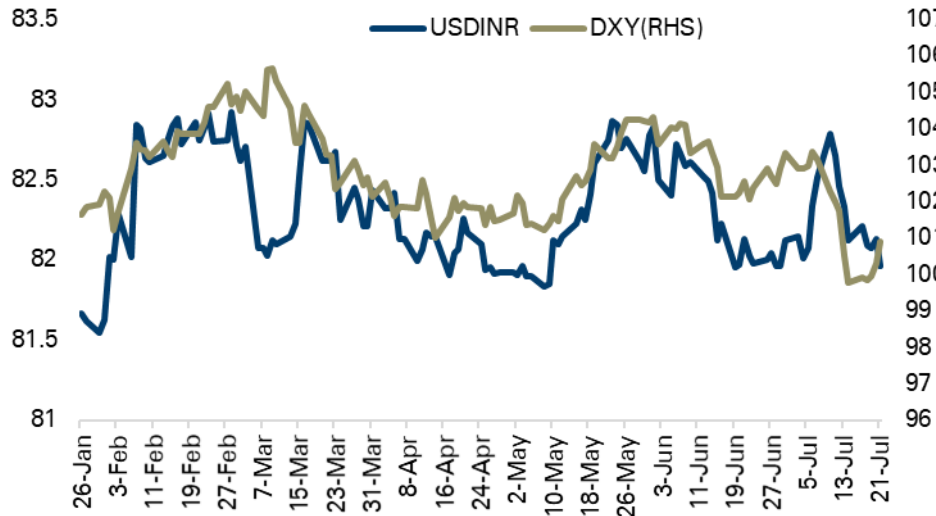
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	82.01	0.05%	2045923	-74742	1629282	3186
EURINR (27th July)	91.23	-0.64%	160443	-26572	175545	-4903
GBPINR (27th July)	105.33	-0.33%	310249	-28660	287242	9874

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	July	Buy	726.5-727	734	723	Exit
USDINR	July	Buy	82	82.25	81.85	Exit

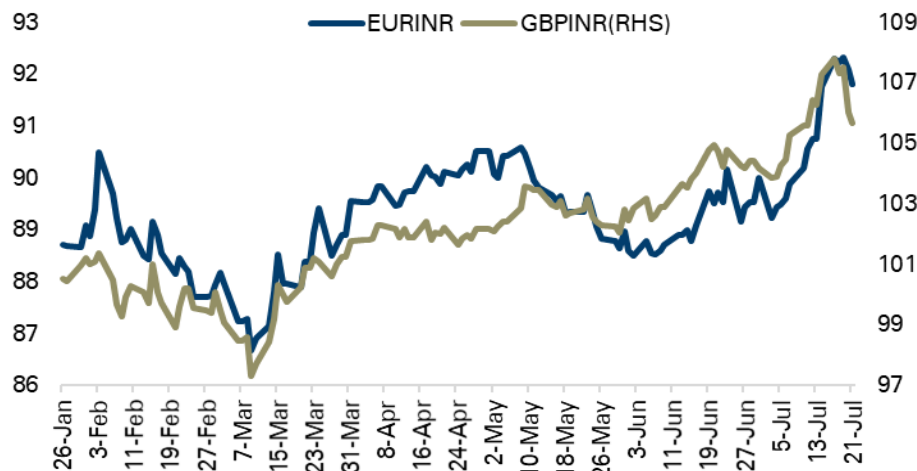
## Dollar Index vs. US\$INR



## Rupee Outlook

- US\$INR is expected to consolidate near the 82.00 level ahead of the key FOMC meeting due this week. The rebound in the dollar index could limit the downside in the pair. Meanwhile, forecast of weaker manufacturing numbers from US could limit the upside momentum in the dollar
- US\$INR is likely to remain in the sideways range of 81.90-82.20. A move outside the range could bring more clarity in the trend. Below 81.90 it would slide towards 81.70. Similarly above 82.20 it would rise towards 82.30.

## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro is likely to trade on a weaker note amid rebound in dollar. Further, expectation of contraction in the manufacturing activity in Eurozone could hurt the Euro. EURUSD is most likely to slip towards 1.1080, as long as it remains under 1.1160. EURINR may face the hurdle near 91.60 and slide towards 91.00 level
- Pound is expected to remain under pressure amid recovery in dollar. Further, forecast of weaker set of economic numbers from UK could also hurt the pair. The pair is expected to face the hurdle near 1.2920 and inch lower towards 1.2810. GBPINR is likely to face the resistance near 106 and move towards the immediate support near 105.

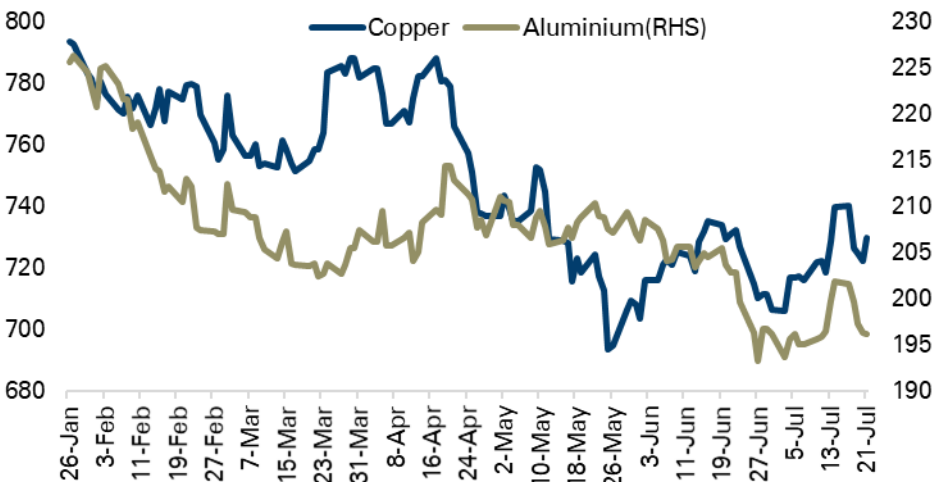
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face hurdle near \$1975 level and slip back towards \$1950 level (50-Day EMA) amid firm US dollar and rise in US treasury yields across curve. Additionally, investors will remain cautious ahead of US Federal Reserve policy meeting scheduled this week, where central bank is broadly expected to hike rates by another 25bps and keep it elevated for longer period.
- MCX Gold prices is likely to move south towards ₹58,900 level as long as it trades below the resistance level of ₹ 59,600 levels
- MCX Silver is expected to correct further till ₹74,000 level as long as it sustains below ₹75,500 level

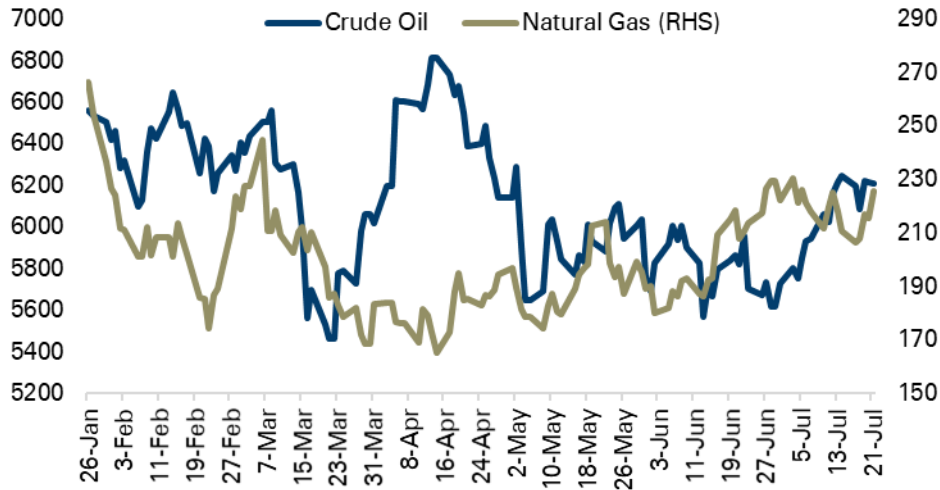
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid firm dollar and risk aversion in the global markets. Further, preliminary purchasing manager survey from S&P global is likely to show that activity in the manufacturing sector across the major countries contracted, denting demand for industrial metal. Meanwhile, hopes for more stimulus from China to shore up country's faltering economy may cushion sharp fall in base metal prices
- MCX Copper may slip further towards ₹718 levels as long as it trades below ₹726 levels
- MCX aluminium is expected to move north towards ₹198.50 level, as long as it trades above ₹195.0 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to face hurdle near \$77.40 level on firm dollar and weak global market sentiments. However, sharp downside may be cushioned on concerns over tighter supplies in coming months and rising tension between Russia and Ukraine. Further, investors hopes that China will unveil more stimulus that would revive economic growth and energy demand
- MCX Crude oil is likely to slip back towards ₹6200 level as long as it trades below ₹ 6312 level (200-Day EMA)
- MCX Natural gas is expected to move downwards towards ₹215 level as long as it stays below ₹230 level amid ample US gas supplies

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58946	59128	59357	59539	59768
Silver	74311	74640	75140	75469	75969
Copper	716	721	728	732	739
Aluminium	195	196	196	197	198
Zinc	211	212	213	214	216
Lead	182	182	183	183	184
Crude Oil	6190	6244	6284	6338	6378
Nat Gas	216	219	224	227	232

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.90	81.95	82.01	82.06	82.12
US\$INR (Aug)	81.98	82.04	82.09	82.15	82.20
EURINR (July)	91.02	91.12	91.29	91.40	91.56
EURINR (Aug)	90.99	91.21	91.61	91.83	92.23
GBPINR (July)	104.93	105.13	105.49	105.69	106.05
GBPINR (Aug)	105.04	105.24	105.59	105.79	106.13
JPYINR (July)	57.35	57.64	58.15	58.44	58.95
JPYINR (Aug)	57.71	58.00	58.51	58.80	59.31

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.07	100.88	0.19%
US\$INR	81.96	81.99	-0.04%
EURUSD	1.1124	1.1130	-0.05%
EURINR	91.21	91.95	-0.80%
GBPUSD	1.2854	1.2868	-0.11%
GBPINR	105.47	105.89	-0.40%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.078	7.083	-0.005
US	3.835	3.850	-0.0154
Germany	2.439	2.457	-0.018
UK	4.280	4.277	0.003
Japan	0.450	0.467	-0.017

## 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	59900	1100	1.87%
Aluminium	513400	300	0.06%
Zinc	90725	-25	-0.03%
Lead	51350	950	1.88%
Nickel	37518	0	0.00%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, July 24, 2023						
1:30 PM	Europe	Flash Manufacturing PMI		43.50	43.40	High
1:30 PM	Europe	Flash Services PMI		53.10	53.70	High
2:00 PM	UK	Flash Manufacturing PMI		46.10	46.50	High
2:00 PM	UK	Flash Services PMI		53.10	53.70	High
7:15 PM	US	Flash Manufacturing PMI		46.10	46.30	High
7:15 PM	US	Flash Services PMI		54.00	54.40	High
Tuesday, July 25, 2023						
1:30 PM	Europe	German ifo Business Climate		88.00	88.50	Medium
7:30 PM	US	CB Consumer Confidence		112.1	109.7	High
7:30 PM	US	Richmond Manufacturing Index		-9.00	-7.00	Medium
Wednesday, July 26, 2023						
7:30 PM	US	New Home Sales		722K	763K	Medium
11:30 PM	US	FOMC Statement		-	-	High
11:30 PM	US	Federal Funds Rate		5.50%	5.25%	High
8:00 PM	US	Crude Oil Inventories				Medium
Thursday, July 27, 2023						
5:45 PM	Europe	Main Refinancing Rate		4.25%	4.00%	High
6:00 PM	US	Advance GDP q/q		1.70%	2.00%	High
6:00 PM	US	Unemployment Claims		236K	228K	High
6:15 PM	Europe	ECB Press Conference		-	-	High
7:30 PM	US	Pending Home Sales m/m		-0.5%	-2.7%	Medium
Friday, July 28, 2023						
All Day	Europe	German Prelim CPI m/m		0.30%	0.30%	Medium
All Day	Japan	BOJ Monetary Policy		-0.10%	-0.10%	High
6:00 PM	US	Core PCE Price Index m/m		0.20%	0.30%	High
6:00 PM	US	Employment Cost Index q/q		1.10%	1.20%	High
7:30 PM	US	Revised UoM Consumer Sentiment		72.60	72.60	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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