

July 25, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	August	Buy	727.50-728	736	724	Intraday
EURINR	July	Sell	90.75-90.77	90.40	90.95	Intraday

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News and Developments

- Spot Gold prices edged lower on Monday due to strong dollar and surge in US treasury yields. Yields rose on anticipation that Fed could keep rate elevated for longer period than previously expected. As per CME FedWatch tool Fed's overnight rate will rise to 5.5% this month and stay above 5% until March 2024
- Benchmark 10-year treasury yield increase to 3.87% and 2-year Treasury yield, which typically moves in step with interest rate expectations rose to 4.92%
- Meanwhile, sharp downside was cushioned as demand for safe haven increased on fears of recession in US. The gap between 2 and 10 year treasury notes seen as recession harbinger expanded to as much as -105.6 bps, widest in 3 weeks
- Dollar Index moved higher ahead of FOMC meeting due Wednesday, where central bank is widely expected to hike interest rates by another 25bps and keep it higher for longer duration. However, further upside was capped as US business activity sowed to a 5 month low in July, dragged down by decelerating service sector
- Crude oil prices ended on positive note on concerns over tightening supplies in the coming months, rising US gasoline demand and hopes for Chinese stimulus measures
- Copper prices ended on positive note as top metal consumer China promised to look into its tortuous post-Covid recovery. As per state news agency top decision making body of ruling communist party quoted China will optimize policies, expand domestic demand, speed up special bond issuance as well boost demand for autos

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59076	-0.39%	1954.73	-0.37%
Silver	74096	-1.17%	24.35	-1.08%
Copper	725.3	0.09%	8517.00	0.77%
Aluminium	195.8	-0.41%	2209.00	0.20%
Zinc	213.4	0.33%	2417.00	1.90%
Lead	183.8	0.46%	2175.00	1.66%
WTI Crude Oil	6461	2.59%	78.74	2.17%
US Nat Gas	220.5	-0.54%	2.69	-1.03%

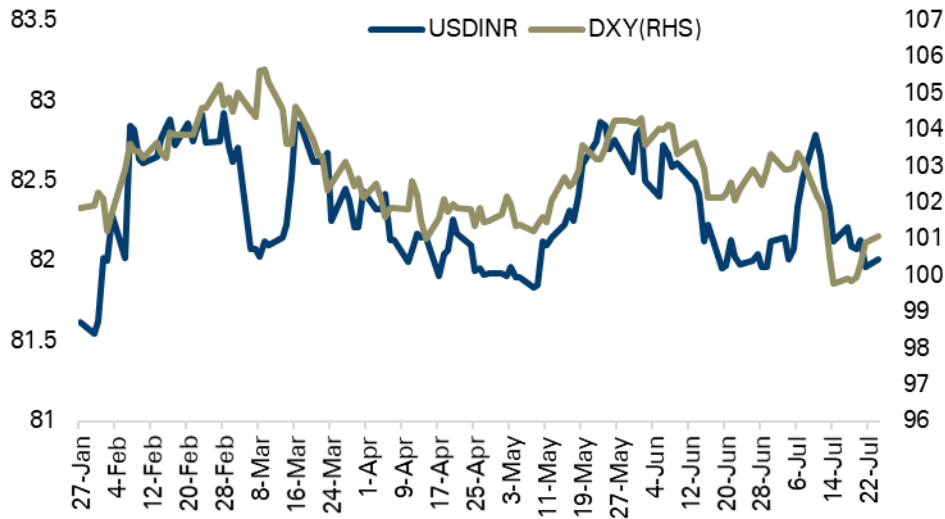
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	81.84	-0.20%	2020166	-25757	1962307	333025
EURINR (27th July)	90.82	-0.45%	134458	-25985	212363	36818
GBPINR (27th July)	105.04	-0.28%	281900	-28349	270319	-16923

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mni	Aug	Sell	59340-59350	58900	59600	Not Initiated
USDINR	July	Buy	81.95	82.15	81.84	Stop Loss Triggered

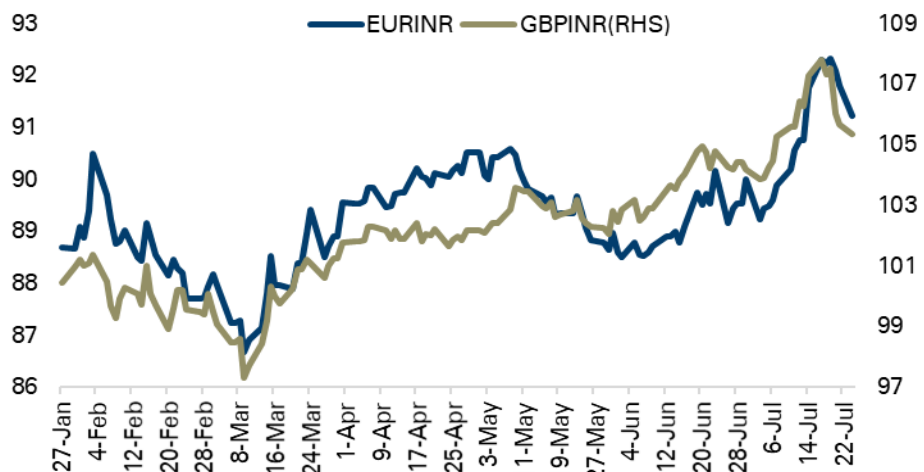
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated to its highest level in three weeks on Monday amid strong dollar inflows. Meanwhile, improved economic numbers from US helped the dollar index to edge higher against the major pair. For the day, USDINR is expected to find support near 81.60 and rise back towards the 82.00 mark ahead of the key FOMC meeting due this week. Further, expectation of better economic number could limit the downside in the pair.
- US\$INR is likely to find support near 81.60 and move back towards 82.00. Only a move below 81.60 would open the doors towards 81.40.

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to trade on a weaker note amid rebound in dollar. Further, expectation of weaker economic numbers could also weigh on the pair. EURUSD is most likely to slip towards 1.1040, as long as it remains under 1.1110. EURINR is expected to dip towards 90.30 as long as it trades under 91.00
- Pound is expected to remain under pressure amid recovery in dollar. The pair is expected to face the hurdle near 1.2880 and inch lower towards 1.2760. GBPINR is likely to face the resistance near 105.30 and move towards the immediate support near 104.50.

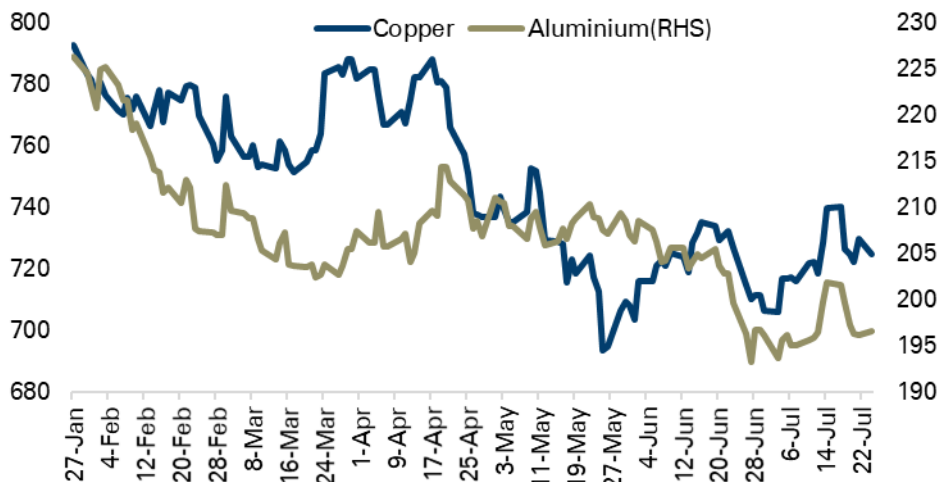
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face hurdle near \$1965 level and slip back towards \$1949 level (50-Day EMA) amid strength in US dollar and rise in US treasury yields across curve. Additionally, investors will brace for widely expected rate hike by Fed but more focus will be on statements from central bank to get the hint on future monetary policy stance
- MCX Gold prices is likely to move south towards ₹58,650 level as long as it trades below the resistance level of ₹ 59,250 levels
- MCX Silver is expected to correct further till ₹73,200 level as long as it sustains below ₹74,300 level

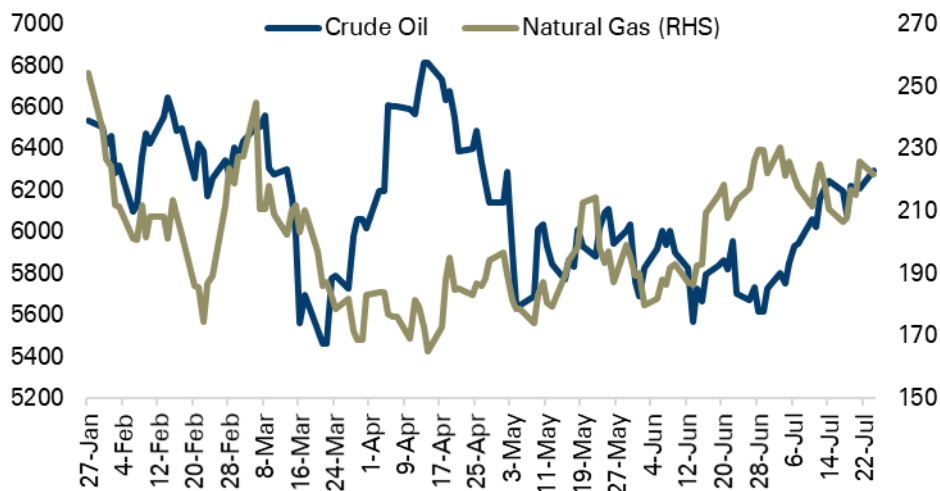
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with with positive bias as China pledged additional support to shore up country's faltering economy. However, sharp upside may be capped as markets are focused on rate decisions by the Fed and ECB later this week, where both the central banks are expected to hike rates by 25bps. Furthermore, investors will focus on any clues for when a pause in the rate hiking cycle is likely to come
- MCX Copper may rise towards ₹736 levels as long as it trades below ₹724 levels
- MCX aluminium is expected to move north towards ₹199 level, as long as it trades above ₹197.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move further till \$80 as long as it stays above \$77.40 (200-Day EMA) on supply concerns due to cuts from OPEC and allies like Russia. Further, World's second largest economy China pledged to step up policy to support economic growth. Additionally, later on day industry data on US crude oil inventory is expected. However, sharp upside may be capped as investors will remain vigilant ahead of Fed interest rate decision due on Wednesday followed by ECB on Thursday
- MCX Crude oil is likely to rise towards ₹6550 level as long as it trades above ₹ 6312 level (200-Day EMA)
- MCX Natural gas is expected to move downwards towards ₹215 level as long as it stays below ₹225 level on forecast for cooler US temperatures next week

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58885	58981	59150	59246	59415
Silver	73101	73598	74237	74734	75373
Copper	714	719	723	729	732
Aluminium	194	195	196	197	198
Zinc	209	211	213	215	216
Lead	182	183	183	184	185
Crude Oil	6188	6324	6405	6541	6622
Nat Gas	213	217	222	225	230

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.66	81.75	81.90	81.99	82.15
US\$INR (Aug)	81.75	81.83	81.99	82.07	82.23
EURINR (July)	90.28	90.55	90.94	91.21	91.60
EURINR (Aug)	90.52	90.77	91.13	91.38	91.73
GBPINR (July)	104.52	104.78	105.17	105.43	105.82
GBPINR (Aug)	104.62	104.88	105.27	105.53	105.91
JPYINR (July)	57.77	57.91	58.02	58.16	58.27
JPYINR (Aug)	58.14	58.27	58.40	58.53	58.66

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.35	101.07	0.27%
US\$INR	81.83	81.96	-0.16%
EURUSD	1.1064	1.1124	-0.54%
EURINR	90.70	91.21	-0.56%
GBPUSD	1.2829	1.2854	-0.19%
GBPINR	105.01	105.47	-0.43%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.072	7.078	-0.006
US	3.873	3.835	0.0376
Germany	2.393	2.439	-0.046
UK	4.256	4.280	-0.024
Japan	0.463	0.450	0.013

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)

Release Date	Time (IST)	Actual	Forecast
7/19/2023	8:00 PM	-0.708M	-2.0M
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

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, July 24, 2023						
1:30 PM	Europe	Flash Manufacturing PMI	42.70	43.50	43.40	High
1:30 PM	Europe	Flash Services PMI	51.10	53.10	53.70	High
2:00 PM	UK	Flash Manufacturing PMI	45.00	46.10	46.50	High
2:00 PM	UK	Flash Services PMI	51.50	53.10	53.70	High
7:15 PM	US	Flash Manufacturing PMI	49.00	46.10	46.30	High
7:15 PM	US	Flash Services PMI	52.40	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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