

July 26, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	August	Buy	59050-59080	59500	58800	Intraday
USDINR	July	Buy	81.78-81.80	82.00	81.65	Intraday

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News and Developments

- Spot Gold prices edged higher yesterday amid retreat in dollar and US short term treasury yields. Yields on short term fell on bets that US Federal Reserve is likely to end its tightening monetary policy after widely accepted rate hike this week
- Benchmark 10-year treasury yield increase to 3.88% while 2-year Treasury yield, which typically moves in step with interest rate expectations rose to 4.879%
- Meanwhile, sharp upside was capped on improved economic data from country. U.S consumer confidence increased to a 2 year high in July amid a persistently tight labor market and receding inflation
- Dollar Index retreated on Tuesday as investors remained cautious ahead of major central bank monetary policy meetings, which could provide guidance on future policy stance. However, upbeat economic data from country limited further downside in dollar
- Crude oil prices rose to 3 month high yesterday amid retreat in dollar and on concerns over tighter supplies. Further, prices rallied on optimism of stronger Chinese energy demand after Chinese authorities signaled further measures to shore up world's second largest economy.
- Copper prices ended on positive note as top metal consumer China pledged to step up policy support for the economy, focusing on boosting domestic demand. Chinese authorities signaled there would be more to come for property sector. Additionally, IMF raised its 2023 global growth outlook slightly

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59189	0.19%	1964.96	0.52%
Silver	74773	0.91%	24.69	1.40%
Copper	740.6	1.49%	8673.50	1.84%
Aluminium	199.7	1.09%	2240.00	1.40%
Zinc	219.7	1.97%	2488.00	2.94%
Lead	184.4	-0.30%	2179.50	0.21%
WTI Crude Oil	6529	1.05%	79.63	1.13%
US Nat Gas	222.3	0.82%	2.73	1.68%

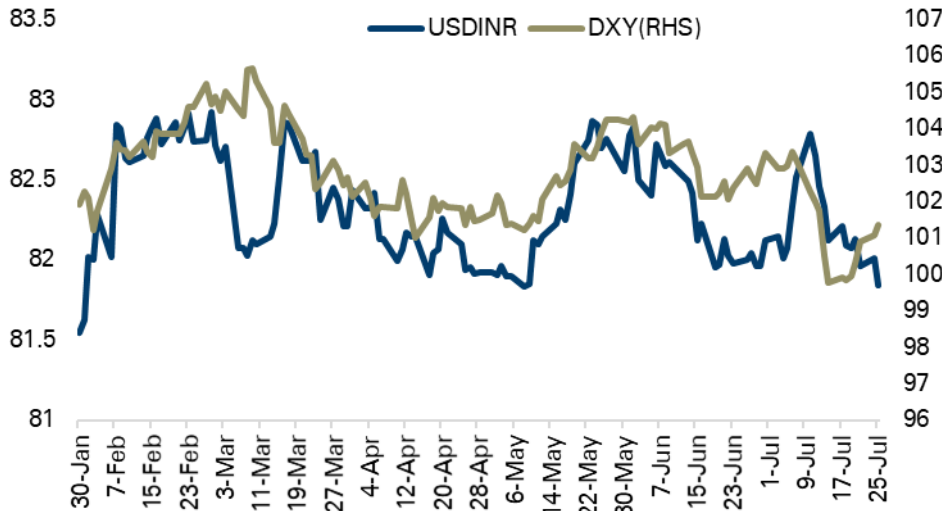
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	81.89	0.06%	1825810	-194356	1960363	-1944
EURINR (27th July)	90.49	-0.37%	114390	-20068	182454	-29909
GBPINR (27th July)	105.07	0.03%	231302	-50598	310438	40119

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	August	Buy	727.50-728	736	724	Not Initiated
EURINR	July	Sell	90.75-90.77	90.4	90.95	Not Initiated

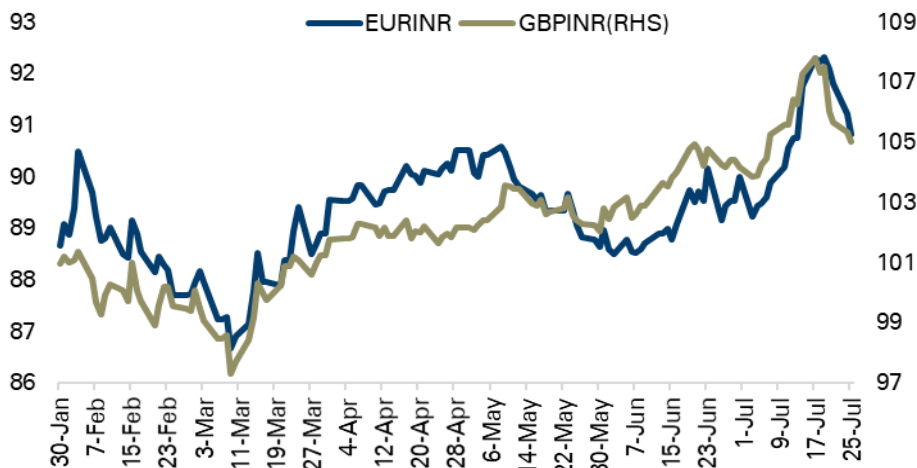
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated for the first time in last three days ahead of the key FOMC meeting. Meanwhile strong dollar inflows has restricted its fall. For the day, USDINR is expected to move towards the 82.00 ahead of much anticipated 25 bps hike by the Federal reserve. For now, investors will be watching out for the commentary on future path of the interest rate cycle.
- US\$INR is likely to consolidate in between 81.60 and 82.00. Only a move below 81.60 would weaken the pair towards 81.40. On the flipside a move above 82.00 would rise towards 82.20.

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to trade on a weaker note amid weaker economic numbers from the Euro zone. The weakness in the loan growth in the region could weaken the Euro to slide towards the psychological mark near 1.10. EURINR is expected to dip towards 90.30 as long as it trades under 91.00
- Pound is expected to consolidate in the range of 1.2840-1.2910. GBPINR is likely to move inside 105.20-105.90. A move above 105.90 would open the doors towards 106.20. Similarly below 105.20 it would slide towards 104.80.

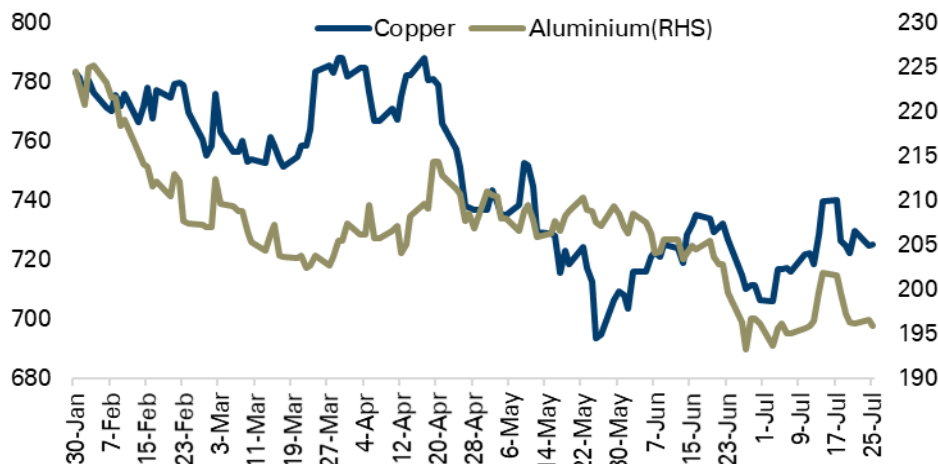
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$1950 and rise further till \$1975 amid weakness in dollar and expectation of correction in US treasury yields across curve. Further, market participants anticipate that US central bank may put a break on rate hiking cycle after a widely expected 25bps increase at today's meet
- MCX Gold prices is likely to move north towards ₹59,550 level as long as it trades above the support level of ₹ 59,000 levels
- MCX Silver is expected to rise further till ₹75,500 level as long as it sustains above ₹74,000 level

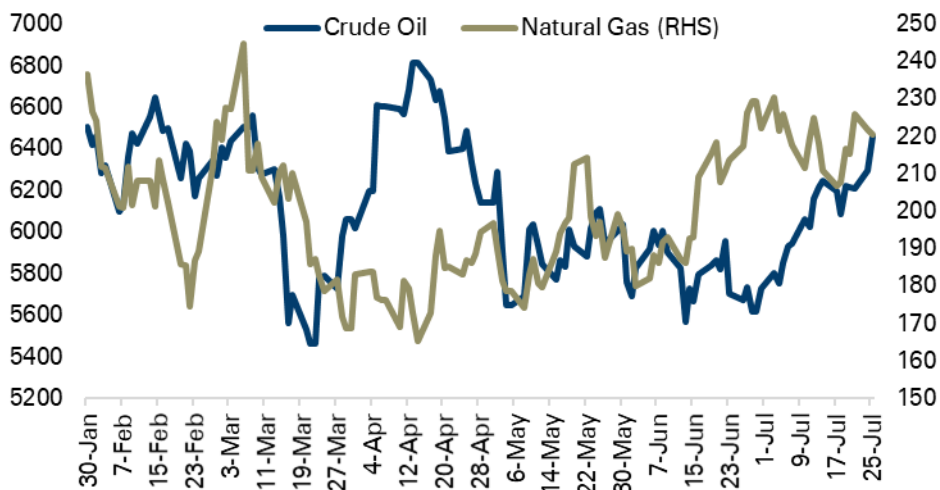
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with with positive bias amid soft dollar and on optimism of stronger metal demand after Chinese authorities pledged additional support to shore up country's faltering economy. However, investors will remain vigilant ahead of series of central bank meeting scheduled this week. Further, investors will await clues on the outlook from policymakers especially from Fed Chair Powell
- MCX Copper may rise towards ₹746 levels as long as it trades above ₹735 levels
- MCX aluminium is expected to move north towards ₹201 level, as long as it trades above ₹198.0 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move further till \$81 as long as it stays above \$77.50 (200-Day EMA) on soft dollar and fears over supply tightness in near term after cuts from OPEC and allies like Russia. Further, world's second biggest oil consumer China pledged to step up economic policy support. Additionally, weekly EIA report is expected to show that US crude oil inventories declined by 2.2 million barrels last week
- MCX Crude oil is likely to rise towards ₹6600 level as long as it trades above ₹ 6450 levels
- MCX Natural gas is expected to move upwards towards ₹230 level as long as it stays above ₹218 level (20-Day EMA)

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58820	59004	59135	59319	59450
Silver	73750	74262	74712	75224	75674
Copper	730	735	738	744	747
Aluminium	196	198	199	201	202
Zinc	214	217	218	221	222
Lead	184	184	185	185	185
Crude Oil	6373	6451	6494	6572	6615
Nat Gas	214	218	222	226	229

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.60	81.74	81.83	81.97	82.06
US\$INR (Aug)	81.68	81.83	81.91	82.05	82.13
EURINR (July)	90.28	90.38	90.55	90.66	90.83
EURINR (Aug)	90.44	90.55	90.73	90.83	91.01
GBPINR (July)	104.65	104.86	105.06	105.26	105.46
GBPINR (Aug)	104.77	104.95	105.14	105.32	105.50
JPYINR (July)	57.67	57.78	57.90	58.01	58.12
JPYINR (Aug)	58.08	58.17	58.28	58.37	58.48

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.35	101.35	0.00%
US\$INR	81.87	81.83	0.05%
EURUSD	1.1055	1.1064	-0.08%
EURINR	90.41	90.70	-0.31%
GBPUSD	1.2902	1.2829	0.57%
GBPINR	105.08	105.01	0.07%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.103	7.072	0.031
US	3.885	3.873	0.012
Germany	2.397	2.393	0.004
UK	4.268	4.256	0.012
Japan	0.466	0.463	0.003

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	60775	550	0.91%
Aluminium	516975	4475	0.87%
Zinc	88625	-550	-0.62%
Lead	51850	225	0.44%
Nickel	37614	-144	-0.38%

Economic Calendar

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	87.30	88.00	88.50	Medium
7:30 PM	US	CB Consumer Confidence	117.0	112.1	109.7	High
7:30 PM	US	Richmond Manufacturing Index	-9.0	-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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