

July 27, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	August	Sell	223.5-224	217	228	Intraday
EURINR	August	Buy	90.78-90.80	91.25	90.60	Intraday

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News and Developments

- Spot Gold prices edged higher yesterday amid weak dollar and decline in US treasury yields. Yields slipped after US Federal Reserve raised interest rates by widely expected 25bps. Further, US Fed Chair Powell made no promises either way, as he said that central bank may go for another rate hike in September meeting if data warranted while he also said that it would also be possible that Fed may choose to hold rates steady at that meeting
- Benchmark 10-year treasury yield drop to 3.87% while 2-year Treasury yield, which typically moves in step with interest rate expectations fell to 4.85%
- Dollar fell yesterday against the basket of major currencies after US Federal Reserve raised interest rates by widely expected 25bps taking it to a range of 5.25% to 5.5%. Further, futures markets showed little change in bets on the path of Fed rate increases over the remainder of the year
- Crude oil prices slipped about 1% after US EIA weekly report showed that crude stockpiles fell less than expected. Further, prices slipped as US Federal Reserve raised interest rates by quarter percentage point. As per EIA weekly report, crude oil inventories fell by 600,000 barrels last week to 456.8 million barrels. Gasoline stocks decline by 786,000 barrels and Distillate stocks fell by 245,000 barrels
- Copper prices and other industrial metal fell after US Federal Reserve opted to hike rates again by 25bps bring them to 22-year high. It marked the 11th rate rise since March 2022, when they lifted rates from near zero

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59461	0.46%	1972.07	0.36%
Silver	75324	0.74%	24.93	0.98%
Copper	738.3	-0.30%	8617.50	-0.65%
Aluminium	198.6	-0.58%	2213.00	-1.21%
Zinc	219.0	-0.30%	2473.50	-0.58%
Lead	184.1	-0.16%	2152.00	-1.26%
WTI Crude Oil	6473	-0.86%	78.78	-1.07%
US Nat Gas	217.8	-2.02%	2.67	-2.38%

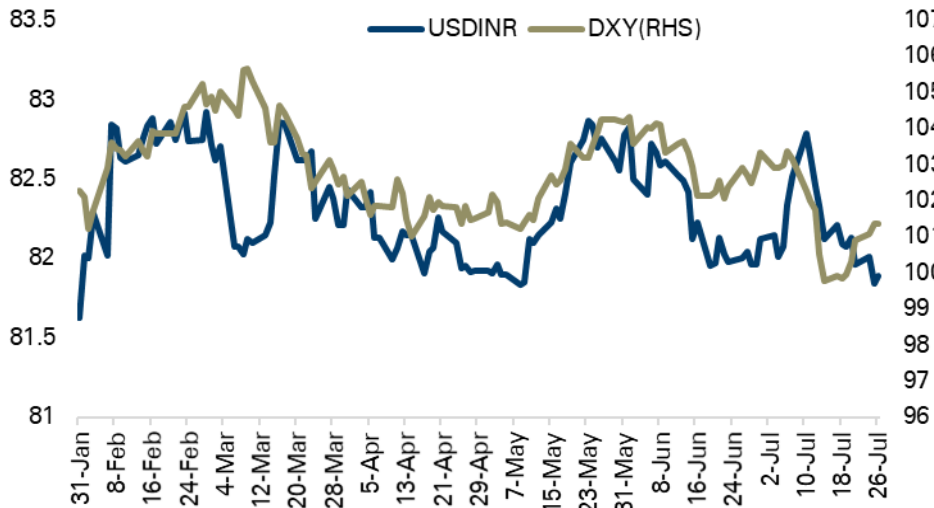
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	82.02	0.16%	1240344	-585466	1768021	-192342
EURINR (27th July)	90.90	0.46%	88893	-25497	159664	-22790
GBPINR (27th July)	105.91	0.80%	164211	-67091	316673	6235

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	August	Buy	59050-59080	59500	58800	Not Initiated
USDINR	July	Buy	81.78-81.80	82	81.65	Not Initiated

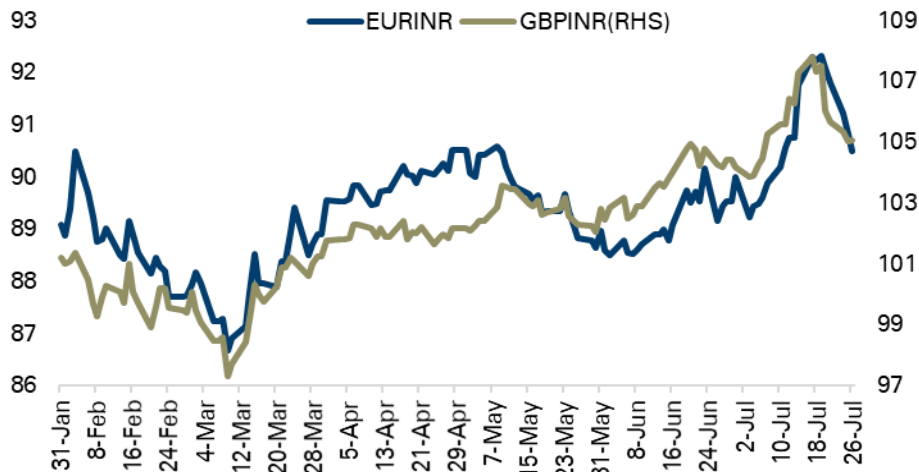
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee is expected to gain amid softness in the dollar. The probability of a pause in September Fed policy has increased after Fed Chair Powel indicated that the Fed would remain data-dependent on future rate moves. The CME FedWatch toll suggests more than 77% probability of pause in the September meeting. Meanwhile focus shifts towards today's key ECB meeting and US advance GDP numbers.
- US\$INR is likely to face the hurdle near the 20 day SMA at 82.10 and weaken towards 81.80. Only a move below 81.80 it would weaken further towards the pair towards 81.60.

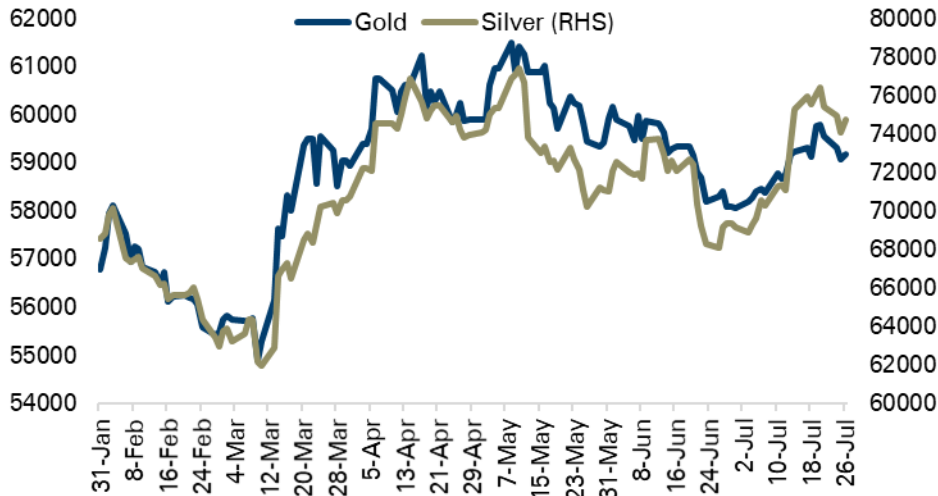
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to trade on bullish bias amid softness in dollar. Further expectation of 25 bps hike in today's policy meeting could support the Euro to rise back towards 1.1120. Meanwhile, traders will be waiting for more clues on the futures rate path. EURINR is expected to rise towards 91.20, as long as it trades above 90.50. Above 91.20 it would test 91.50 level.
- Pound is expected to rise towards 1.30 mark amid softness in the dollar. The bullish cross over of 20 and 50 day EMA could support the pair to hold its gains as long as it trades above the 1.29 mark. GBPINR is likely to move higher towards 106.50, as long as it trades above the 20 day SMA at 105.70

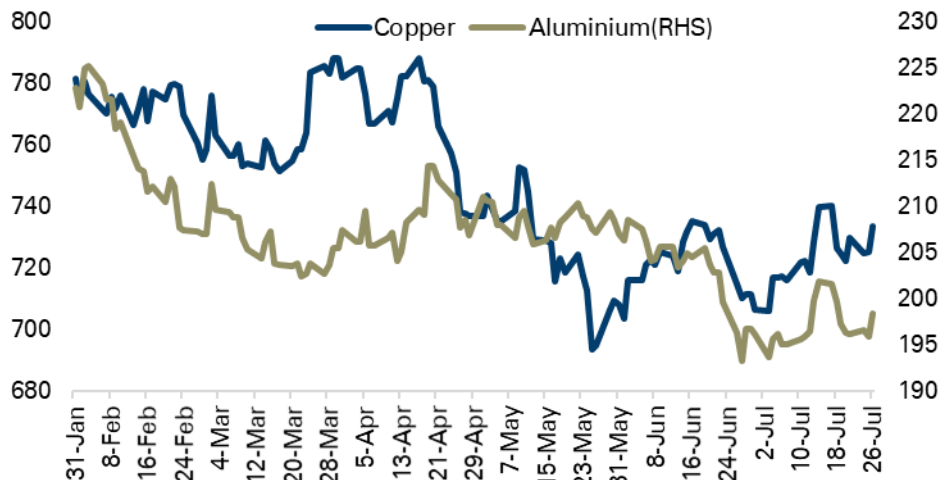
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$1960 and rise further till \$1982 amid weakness in dollar and correction in US treasury yields across curve. Further, we see that federal Reserve is nearing the end of its interest rate hiking cycle. Even the Fed Chair Powell said central bank would remain data-dependent on future rate moves, leaving open the possibility of pause at September meeting. Focus now shifts to policy decisions from the ECB and BOJ due this week
- MCX Gold prices is likely to move north towards ₹59,800 level as long as it trades above the support level of ₹ 59,200 levels
- MCX Silver is expected to rise further till ₹76,000 level as long as it sustains above ₹74,500 level

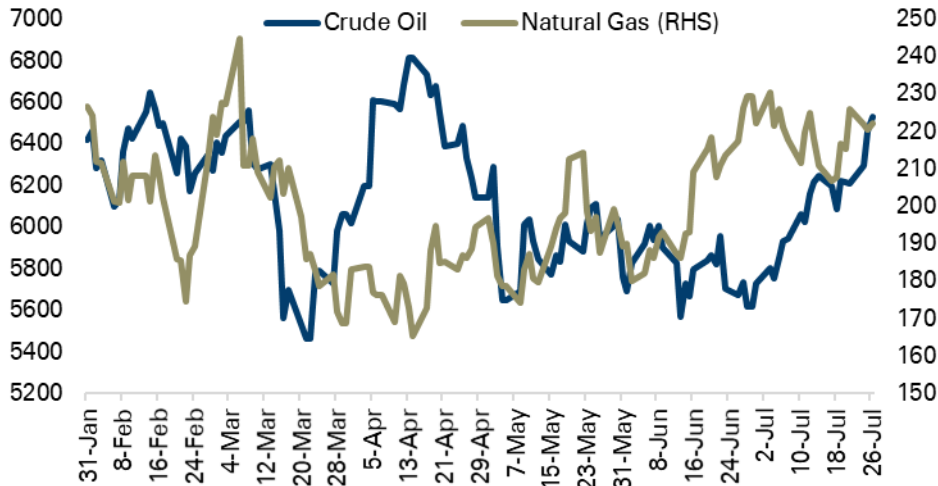
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with with positive bias amid soft dollar and on hopefulness of stronger metal demand after promise from Beijing to support economic recovery. Meanwhile, investors will remain vigilant ahead of ECB and BOJ policy decision due this week and slew of vital economic data from US.
- MCX Copper may rise towards ₹743 levels as long as it trades above ₹735 levels
- MCX aluminium is expected to move north towards ₹200.0 level, as long as it trades above ₹198.00 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face hurdle near \$80 and slip back towards \$78 amid on fears that elevated borrowing cost for business and consumers could slow economic growth and reduce demand for oil. Additionally, data showed US crude oil inventories fell less than expected and gasoline and diesel stocks also drew less than projected
- MCX Crude oil is likely to face hurdle near ₹6550 level and slip towards ₹ 6400 levels
- MCX Natural gas is expected to move downwards towards ₹215 level as long as it stays below ₹228 level. Prices may slip ahead of consensus for weekly EIA natural gas inventories to climb +15 bcf

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59024	59242	59409	59627	59794
Silver	74059	74691	75183	75815	76307
Copper	733	736	738	741	744
Aluminium	197	198	199	200	201
Zinc	216	218	219	221	222
Lead	184	184	184	184	185
Crude Oil	6406	6440	6489	6523	6572
Nat Gas	210	214	219	223	229

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.82	81.92	81.98	82.08	82.14
US\$INR (Aug)	81.90	82.00	82.06	82.16	82.22
EURINR (July)	90.32	90.61	90.78	91.07	91.24
EURINR (Aug)	90.48	90.77	90.94	91.23	91.40
GBPINR (July)	105.33	105.62	105.79	106.08	106.26
GBPINR (Aug)	105.35	105.67	105.86	106.18	106.37
JPYINR (July)	57.84	58.16	58.34	58.66	58.83
JPYINR (Aug)	58.25	58.55	58.73	59.03	59.20

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	100.89	101.35	-0.46%
US\$INR	81.99	81.87	0.15%
EURUSD	1.1086	1.1055	0.28%
EURINR	90.81	90.41	0.44%
GBPUSD	1.2941	1.2902	0.30%
GBPINR	105.87	105.08	0.76%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.097	7.103	-0.006
US	3.867	3.885	-0.0177
Germany	2.485	2.397	0.088
UK	4.281	4.268	0.013
Japan	0.455	0.466	-0.011

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	60700	-75	-0.12%
Aluminium	514025	-2950	-0.57%
Zinc	87950	-675	-0.76%
Lead	52100	250	0.48%
Nickel	37590	-24	-0.06%

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	697K	722K	763K	Medium
11:30 PM	US	FOMC Statement	-	-	-	High
11:30 PM	US	Federal Funds Rate	5.50%	5.50%	5.25%	High
8:00 PM	US	Crude Oil Inventories	-0.6M	-2.2M	-0.7M	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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