

July 28, 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
Copper	August	Sell	737.5-738	730	742	Intraday
USDINR	August	Buy	82.10-82.12	82.30	81.95	Intraday

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## News and Developments

- Spot Gold prices slipped more than 1% yesterday amid strong dollar and sharp rise in US treasury yields. Yields surged after better than expected economic data signalled that US economy is on solid footing and may avoid recession despite of Federal Reserve aggressive monetary tightening
- Benchmark 10-year treasury yield rose to 4.0% while 2-year Treasury yield, which typically moves in step with interest rate expectations increase to 4.93%
- Dollar gained yesterday against the basket of major currencies as better than expected economic data raised the expectations that Fed could further hike interest rates
- US GDP grew at a 2.4% annualized rate in the last quarter, based on the advance estimate of second-quarter GDP. The number of people receiving benefits after an initial week of aid, a proxy for hiring, dropped 59,000 to 1.690 million in the week ending July 15
- Crude oil prices ended on the positive note amid concerns over supply tightness following OPEC+ production cuts and renewed bullish outlook for Chinese demand
- Copper prices and other industrial metal fell amid strong dollar after data showed U.S economy grew faster than expected in the second quarter while new orders for key U.S manufactured capital goods unexpectedly rose in June. Additionally, prices decline on concern over lackluster demand from China

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58950	-0.86%	1946.00	-1.32%
Silver	73747	-2.09%	24.14	-3.19%
Copper	735.2	-0.42%	8569.00	-0.56%
Aluminium	198.3	-0.15%	2205.00	-0.36%
Zinc	218.1	-0.43%	2454.00	-0.79%
Lead	184.1	0.03%	2158.00	0.28%
WTI Crude Oil	6562	1.37%	80.09	1.66%
US Nat Gas	212.2	-2.57%	2.49	-6.49%

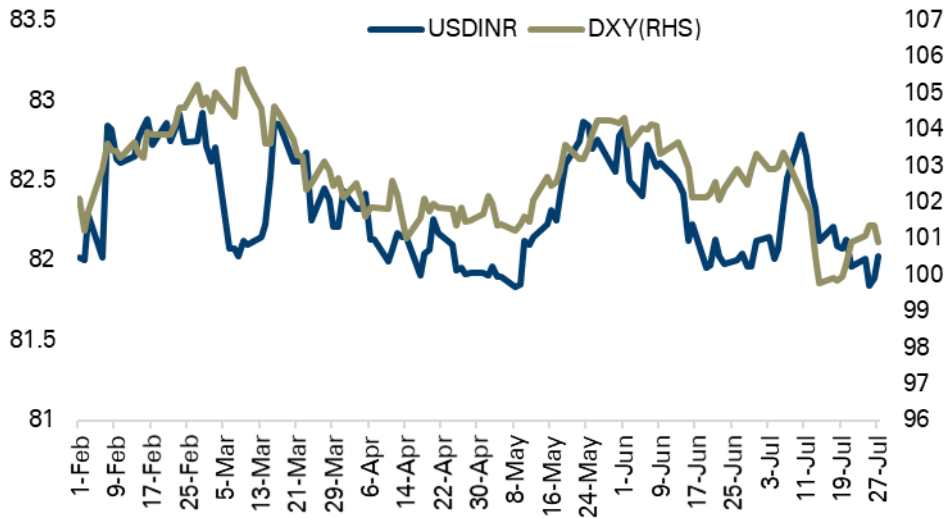
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th July)	81.99	-0.04%	804760	-435584	1070929	-697092
EURINR (27th July)	90.96	0.06%	39739	-49154	97462	-62202
GBPINR (27th July)	106.21	0.28%	77106	-87105	180980	-135693

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	August	Sell	223.5-224	217	228	Not Initiated
EURINR	August	Buy	90.78-90.80	91.25	90.6	Not Initiated

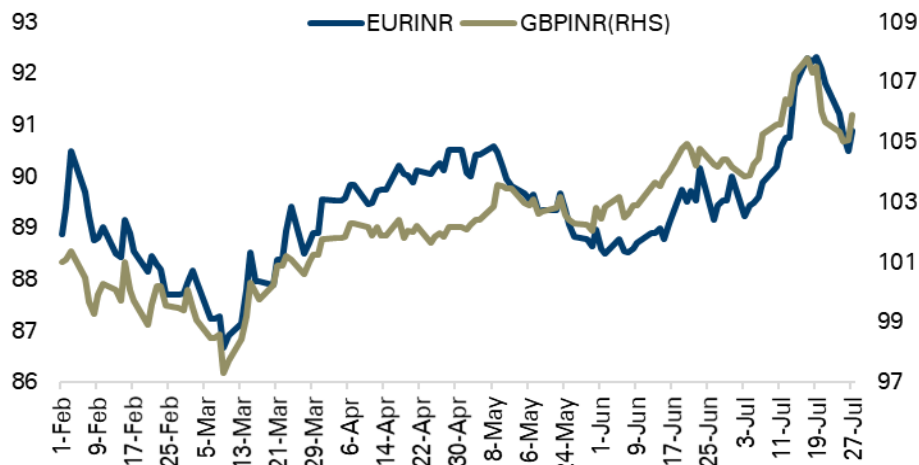
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee is expected to depreciate today amid strong rebound in dollar. Better than expected US advance GDP numbers and resilient labor market has increased the probability of rate hike scenario in US. Meanwhile, expectation of drop in US Core PCE data could limit the gains the dollar. The focus now turns to the Bank of Japan policy outcome, where the central bank is expected to tweak its yield curve control policy later the day.
- US\$INR is likely to break the initial resistance of 20 day SMA at 82.10 and rise towards 82.25. A move above 82.25 would open the doors for the next key resistance at 82.50. On the downside 81.80 holds major support to the pair

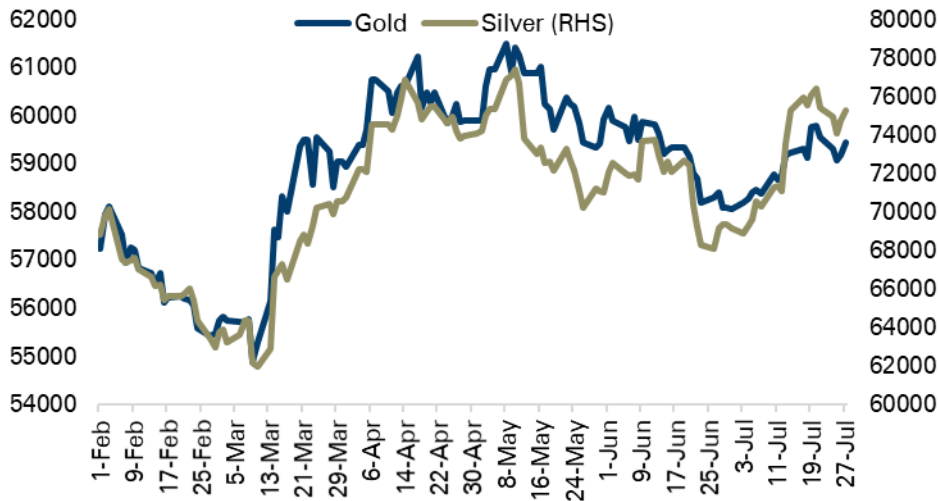
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro is likely to remain under pressure as dovish comments from the European central bank has raised doubts over further rate hike in this year. Further, slow growth in loan demand and disappointing purchasing manager index data could hurt the Euro to slide towards 1.0920. EURINR is expected to weaken towards 90.20, as long as it trades under the 10 day SMA at 91.00 level
- Pound is expected to weaken towards 1.2750 mark amid strong dollar. The pair has breached the 20 day EMA support at 1.2870, suggesting weaker bias. Further, reversal in the RSI could also weigh on the pair. GBPINR is likely to weaken towards 105.00, as long as it remains under the 106.00 level.

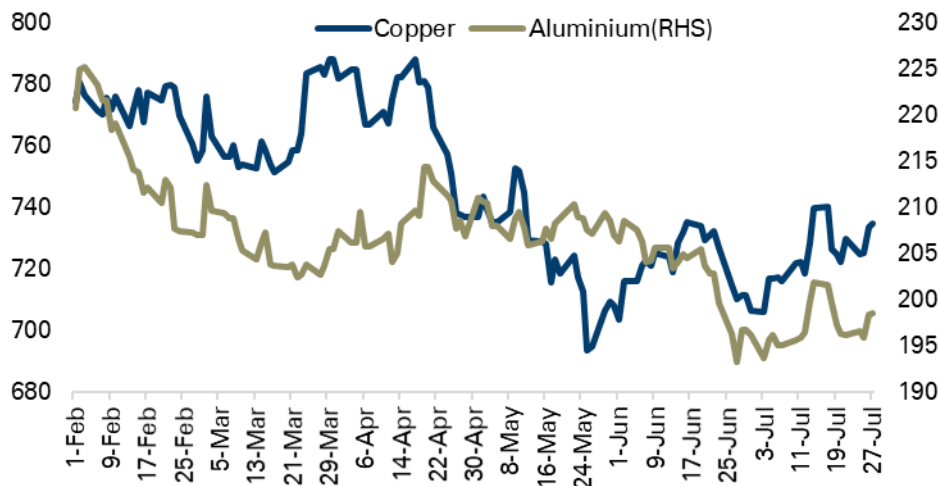
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$1952 and slip further till \$1930 level amid strong dollar and surge in US treasury yields across curve following slew of robust economic data from US. Further, fresh economic data from US signals that US may avert recession, increasing the probability of Fed raising interest rates again if it continues to see strong economic numbers. Even Fed Chair Powell said central bank will make data-driven decisions on a meeting-by-meeting basis. Meanwhile, all eyes will be on Core PCE price index
- MCX Gold prices is likely to move further south towards ₹58,500 level as long as it trades below the level of ₹ 59,250 levels
- MCX Silver is expected to slip further till ₹72,700 level as long as it sustains below ₹74,300 level

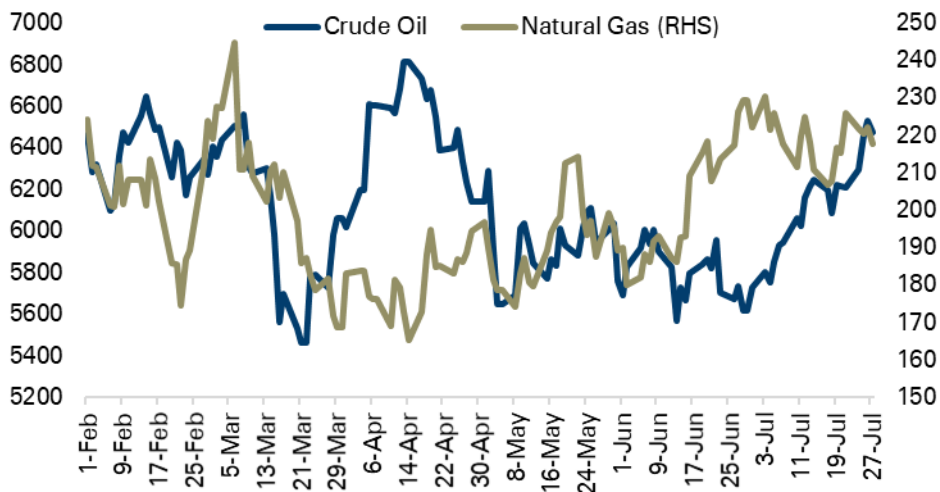
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with with negative bias amid strong dollar following slew of upbeat economic data from US. Further, prices may slip on lackluster demand from China. Additionally, investors fear that higher borrowing cost across the major countries would hurt economic growth and dent demand for industrial metal. US Fed increased the rate marking its 11th rate increase and ECB raised interest rates for the 9<sup>th</sup> straight time and said it was open-minded about further tightening
- MCX Copper may slip towards ₹730 levels as long as it trades below ₹742 levels
- MCX aluminium is expected to move south towards ₹196.50 level, as long as it trades below ₹199.00 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further till \$81 as long as it holds the support level of \$78.50 amid concerns over supply tightness in the near month following OPEC+ production cut. Additionally, fresh economic data from US suggest that world's largest economy would likely to dodge a recession despite of aggressive monetary tightening by Fed
- MCX Crude oil is likely to hold support near ₹6450 level and rise towards ₹ 6650 levels
- MCX Natural gas is expected to move downwards towards ₹205 level as long as it stays below ₹218 level. Prices may slip on larger than expected build in weekly EIA inventories and forecast for cooler US temperature next week

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58183	58567	59123	59507	60063
Silver	71484	72616	74381	75513	77278
Copper	725.5	730.4	738.0	742.9	750.5
Aluminium	196.1	197.2	198.7	199.7	201.2
Zinc	214.7	216.4	219.5	221.2	224.4
Lead	183.4	183.8	184.4	184.7	185.3
Crude Oil	6422	6492	6555	6625	6688
Nat Gas	204	208	215	219	226

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (July)	81.85	81.92	81.98	82.05	82.10
US\$INR (Aug)	81.91	81.96	82.03	82.08	82.16
EURINR (July)	90.74	90.85	91.01	91.12	91.29
EURINR (Aug)	90.88	91.13	91.32	91.56	91.75
GBPINR (July)	106.01	106.11	106.23	106.33	106.45
GBPINR (Aug)	105.90	106.06	106.29	106.46	106.69
JPYINR (July)	58.31	58.41	58.54	58.64	58.78
JPYINR (Aug)	58.59	58.69	58.88	58.99	59.17

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.77	100.89	0.88%
US\$INR	81.94	81.99	-0.07%
EURUSD	1.0979	1.1086	-0.97%
EURINR	91.28	90.81	0.52%
GBPUSD	1.2796	1.2941	-1.12%
GBPINR	106.34	105.87	0.44%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.122	7.097	0.025
US	3.998	3.867	0.1314
Germany	2.474	2.485	-0.011
UK	4.310	4.281	0.029
Japan	0.450	0.455	-0.005

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
7/26/2023	8:00 PM	-0.6M	-2.20M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	62250	1550	2.55%
Aluminium	511000	-3025	-0.59%
Zinc	96075	8125	9.24%
Lead	52975	875	1.68%
Nickel	37590	0	0.00%

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%	4.25%	4.00%	High
6:00 PM	US	Advance GDP q/q	2.40%	1.70%	2.00%	High
6:00 PM	US	Unemployment Claims	221K	236K	228K	High
6:15 PM	Europe	ECB Press Conference	-	-	-	High
7:30 PM	US	Pending Home Sales m/m	0.3%	-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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