

August 1, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	August	Sell	219-219.5	210	225	Intraday
USDINR	August	Buy	82.28-82.30	82.50	82.18	Intraday

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News and Developments

- Spot Gold prices advanced for the second consecutive day amid decline in short term US treasury yields. The decline in key inflation numbers in US and Europe has weighed on the hawkish outlook of the central banks and supported the rise in the precious metals
- The CME FedWatch tool indicates more than 60% probability that the rates will remain unchanged this year
- Dollar gained strength as survey from Federal Reserve showed US banks reported tighter credit conditions and weaker loan demand in Q2 2023. Additionally, Fed's quarterly Senior Loan Officer Opinion Survey showed banks expect to tighten standards over the rest of 2023
- Benchmark 10-year treasury yield slide below 3.93% while 2-year Treasury yield moved towards 4.85%
- Crude oil prices extended its gains to its highest level since Mid April 2023 on expectations that Saudi Arabia will extend voluntary output cut of 1 million barrels per day into September. Further, better than expected economic numbers from Euro zone also raised the demand prospects of crude oil price
- Copper prices rallied more than 1.2% on Monday as contraction in the Chinses manufacturing activity raised the hopes of fresh stimulus from China to spur the growth.
- China's July PMI numbers remained below the 50 mark at 49.3 for the fourth consecutive month and the non-manufacturing growth fell to 51.5 against previous record of 53.2

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60082	0.50%	1965.09	0.29%
Silver	75427	1.85%	24.75	1.65%
Copper	755.9	1.63%	8831.50	1.95%
Aluminium	204.4	2.23%	2282.50	2.72%
Zinc	227.4	2.76%	2565.00	2.70%
Lead	184.3	0.00%	2149.00	-0.44%
WTI Crude Oil	6697	1.79%	81.80	1.51%
US Nat Gas	216.7	0.37%	2.63	-0.15%

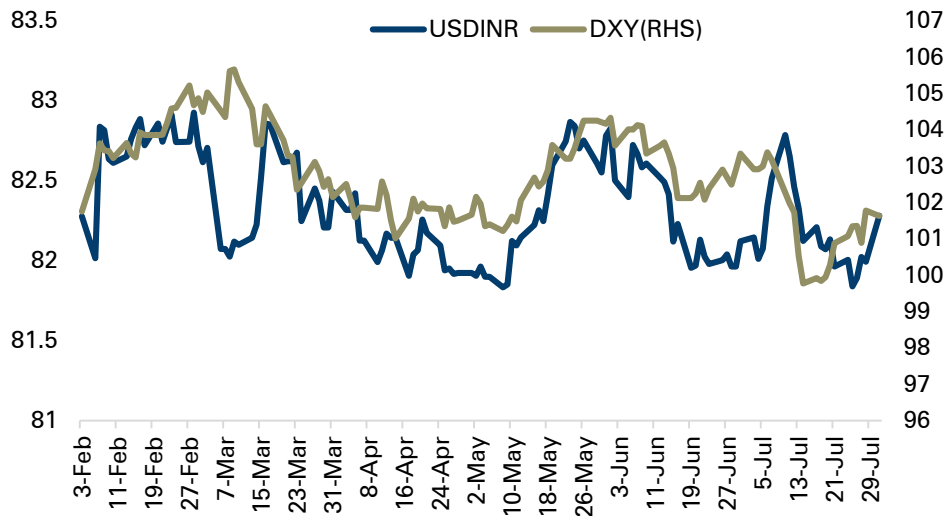
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	82.32	0.05%	2243751	108826	1425128	-1418510
EURINR (29th Aug)	90.88	0.26%	178637	2856	193053	-199469
GBPINR (29th Aug)	105.88	0.04%	358835	119	180900	-321664

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	August	Buy	6530-6540	6700	6450	Not Initiated
EURINR	August	Buy	90.60-90.62	90.90	90.40	Not Initiated

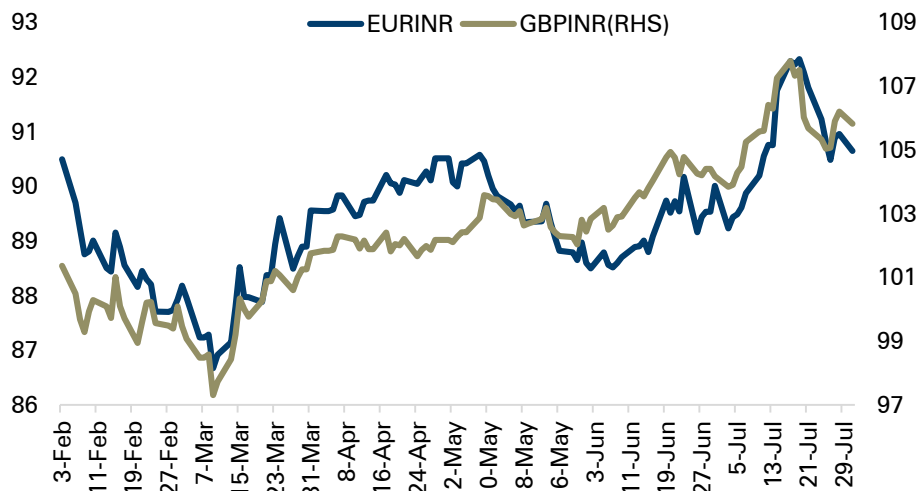
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid firm dollar and surge in crude oil prices. Further, month end dollar demand from importers weighed on local currency.
- Rupee is likely to depreciate today amid strong dollar and elevated crude oil prices. Meanwhile, investors will remain cautious ahead of major economic data from US to gauge the economic health of the country. ISM Manufacturing PMI is projected to show that activity in sector contracted for 9th consecutive month. Further, number of available jobs in US is likely to drop and remained below 10-million mark. US\$INR is likely to hold the support near 82.10 and rise further till 82.50

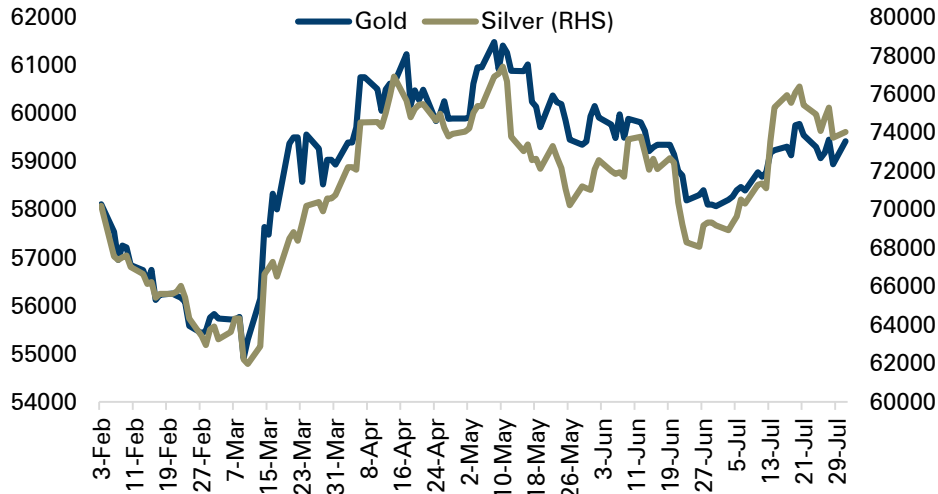
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro ended on negative note amid firm dollar. Further, it retreated after data showed inflation ticked lower in July, while growth figures showed economic activity picking up in Q2 2023. For today EURUSD is likely to face hurdle near 1.1020 level and slip back towards 1.0940 level amid strong dollar and on anticipation that easing price pressure may provide room for ECB to hit a pause button sooner. EURINR may slip till 89.90 level as long as it stays below 90.60 level
- Pound is expected move south towards 1.2760 level amid strong dollar and expectation of disappointing economic data from country. Meanwhile, sharp fall may be cushioned as BOE is likely to hike rates again in upcoming policy meeting. GBPINR is likely to face hurdle near 105.70 level and slip towards 105.00 levels

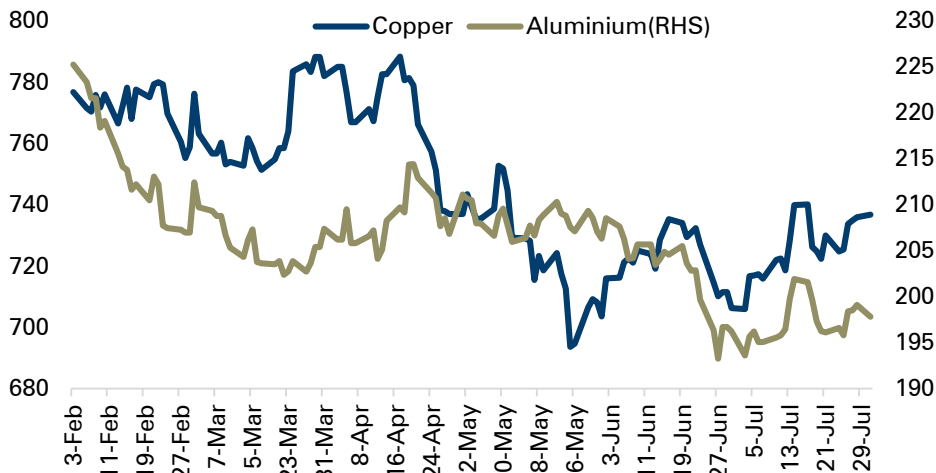
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to extend its gain towards \$1982 amid rise in expectation that major global central banks are nearing the last stage of interest rate hike. Further, expectation of contraction in US manufacturing activities could support the bullish outlook in the metal. Additionally, forecast of drop in job opening numbers could also hurt the dollar.
- MCX Gold October futures is likely to move towards ₹60,200 level as long as it trades above ₹ 59,600 levels
- MCX Silver is expected to rise further till ₹76,200 level as long as it sustains above ₹74,400 level

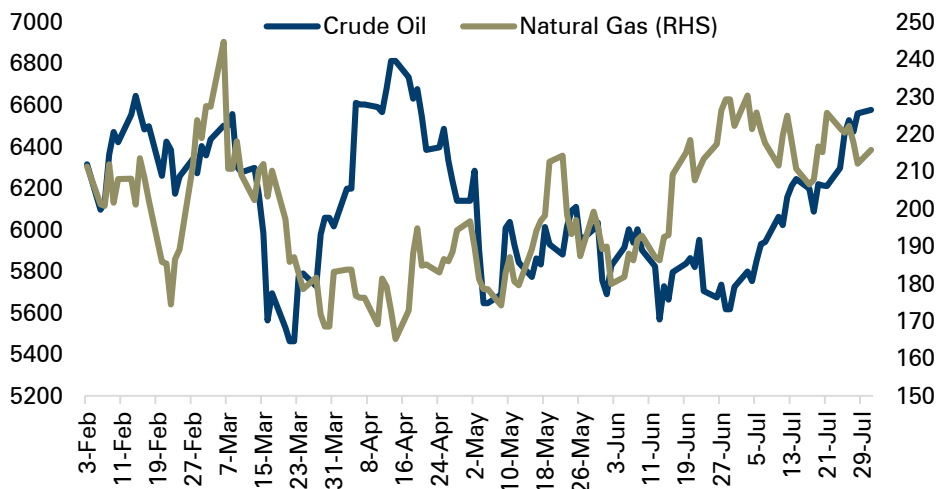
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with bullish bias on rising prospects of fresh stimulus from China to support the economic recovery. Further, rising probability of a pause in the interest rate by major central banks could also support the red metal to hold its gains. However, weaker than expected manufacturing PMI numbers in Europe and US could limit the upside in the metals. A private survey showed that manufacturing activity in China contracted in July. Caixin manufacturing pmi fell to 49.2 in July from 50.5 in June. MCX Copper is likely to rise towards ₹760 levels as long as it trades above the ₹748 levels
- MCX aluminium is expected to extend its rally towards ₹206.50 level, as long as it trades below ₹201.00 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further till \$83 as long as it holds the support level of \$80 amid expectation of further tightening in supply and growth optimism in US. Additionally, growing prospects of Fed pause in this year would also support the oil to trade firm
- MCX Crude oil is likely to hold support near ₹6600 level and rise towards ₹ 6780 levels
- MCX Natural gas is expected to face the hurdle near 224 and move downwards towards ₹210 level on forecast of cooler temperature in most region's of US during the month of August.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59424	59753	59930	60259	60436
Silver	73182	74305	74902	76025	76622
Copper	737.1	746.5	751.4	760.8	765.8
Aluminium	198.0	201.2	202.8	206.0	207.7
Zinc	218.7	223.0	225.3	229.7	232.0
Lead	183.5	183.9	184.3	184.7	185.0
Crude Oil	6543	6620	6669	6746	6795
Nat Gas	211	214	218	221	225

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	82.24	82.28	82.32	82.37	82.41
US\$INR (Sep)	82.31	82.36	82.40	82.45	82.50
EURINR (Aug)	90.57	90.73	90.84	91.00	91.12
EURINR (Sep)	90.73	90.89	91.01	91.16	91.28
GBPINR (Aug)	105.60	105.74	105.83	105.97	106.07
GBPINR (Sep)	105.66	105.79	105.89	106.02	106.12
JPYINR (Aug)	57.90	58.05	58.27	58.42	58.64
JPYINR (Sep)	58.31	58.46	58.66	58.81	59.00

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.86	101.62	0.23%
US\$INR	82.25	82.26	0.00%
EURUSD	1.0997	1.1016	-0.17%
EURINR	90.74	90.26	0.54%
GBPUSD	1.2835	1.2851	-0.12%
GBPINR	105.76	105.44	0.31%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.175	7.161	0.014
US	3.959	3.951	0.0081
Germany	2.492	2.492	0
UK	4.309	4.326	-0.017
Japan	0.612	0.568	0.044

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	68350	3925	6.09%
Aluminium	507400	-1600	-0.31%
Zinc	99675	525	0.53%
Lead	54200	1425	2.70%
Nickel	37536	-6	-0.02%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, July 31, 2023						
11:30 AM	Europe	German Retail Sales m/m	-0.8%	-0.30%	0.40%	Medium
1:30 PM	Europe	CPI Flash Estimate y/y	5.3%	5.30%	5.50%	High
2:00 PM	US	Chicago PMI	42.80	43.30	41.50	Medium
Tuesday, August 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	49.20	50.00	50.50	Medium
1:30 PM	Europe	Final Manufacturing PMI		42.7	42.7	Medium
1:30 PM	UK	Final Manufacturing PMI		45.00	45.00	Medium
2:30 PM	Europe	Unemployment Rate		6.50%	6.50%	Medium
7:30 PM	US	ISM Manufacturing PMI		46.90	46.00	High
7:30 PM	US	JOLTS Job Openings		9.61 M	9.82 M	High
Wednesday, August 02, 2023						
5:45 PM	US	ADP Non-Farm Employment Change		195K	497K	High
8:00 PM	US	Crude Oil Inventories			-0.6M	Medium
Thursday, August 03, 2023						
1:30 PM	Europe	Final Services PMI		51.10	51.10	Medium
2:00 PM	UK	Final Services PMI		51.50	51.50	Medium
4:30 PM	UK	Official Bank Rate		5.25%	5.00%	High
6:00 PM	US	Unemployment Claims		223K	221K	High
7:30 PM	US	ISM Services PMI		53	53.9	High
Friday, August 04, 2023						
2:30 PM	Europe	Retail Sales m/m		0.30%	0.00%	Medium
6:00 PM	US	Average Hourly Earnings m/m		0.30%	0.40%	High
6:00 PM	US	Non-Farm Employment Change		200K	209K	High
6:00 PM	US	Unemployment Rate		3.60%	3.60%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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