

August 2, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

| Commodity/Index | Expiry | Action | Entry | Target | Stop Loss | Time Frame |
|-----------------|--------|--------|-------------|--------|-----------|------------|
| Crude Oil | August | Buy | 6670-6680 | 6820 | 6600 | Intraday |
| USDINR | August | Sell | 82.38-82.40 | 82.20 | 82.50 | Intraday |

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News and Developments

- Spot Gold prices lost almost 1% on Tuesday amid strong dollar and uptick in the bond yields. The 10 year US treasury yields went past the 4.00% mark and the 2 year treasury yields moved above the 4.90% mark ahead of the Treasury's refunding announcement on Wednesday
- The US dollar index moved above the 102 after relatively better than expected US manufacturing data that offset the decline in job opening numbers last month. However, the dollar pared most of its gains towards the later end of the day after Fitch downgraded the US Government's top credit rating to AA+ from AAA, citing fiscal deterioration.
- The US ISM manufacturing numbers improved to 46.4 against previous record of 46.00. Further, improved US construction spending numbers, boosted by outlays in both single and multifamily house projects has supported the dollar to hold above the 102 mark
- Nymex Crude oil futures went past the \$82 mark after larger than expected draw in US commercial inventories. The API report showed, oil inventories dropped by 15.4 million barrels last week, while gasoline supplies declined by 1.7 million barrels
- Copper prices fell almost 1.5% on Tuesday as weak economic numbers from the top consumer China and Europe indicated poor demand. Additionally, increasing metal stocks in LME accredited warehouses has also weighed on copper prices. The copper on-warrant inventories reached a two-month high of 73725 on Tuesday
- Natural gas lost more than 2% on Tuesday amid forecast of moderating temperature in US . Long-term forecasts from the National Weather Service expect most of the northern states to see cooler than seasonal temperatures in the next 10-days.

Price Performance

| Commodity | LTP (₹) | Change | LTP (\$) | Change |
|---------------|---------|--------|----------|--------|
| Gold | 59388 | -1.16% | 1944.29 | -1.06% |
| Silver | 73943 | -1.97% | 24.31 | -1.78% |
| Copper | 745.6 | -1.36% | 8631.00 | -2.27% |
| Aluminium | 203.8 | -0.27% | 2255.50 | -1.18% |
| Zinc | 227.6 | 0.09% | 2569.00 | 0.16% |
| Lead | 185.1 | 0.41% | 2147.00 | -0.09% |
| WTI Crude Oil | 6727 | 0.45% | 81.37 | -0.53% |
| US Nat Gas | 212.3 | -2.03% | 2.56 | -2.81% |

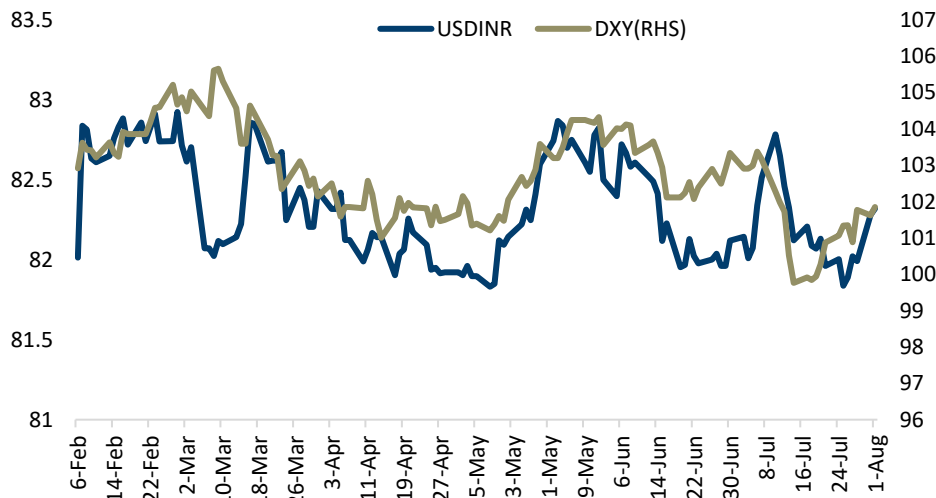
Domestic Currencies

| Futures | Close | % Change | Open Interest | Change in OI | Volume | Change in Vol |
|-------------------|--------|----------|---------------|--------------|---------|---------------|
| USDINR (29th Aug) | 82.32 | 0.00% | 2180497 | -63254 | 1189806 | -235322 |
| EURINR (29th Aug) | 90.46 | -0.46% | 178026 | -611 | 161422 | -31631 |
| GBPINR (29th Aug) | 105.33 | -0.52% | 336075 | -22760 | 273243 | 92343 |

Daily Strategy Follow-up

| Commodity/Index | Expiry | Action | Entry | Target | Stoploss | Comment |
|-----------------|--------|--------|-------------|--------|----------|-----------------|
| Natural Gas | August | Sell | 219-219.5 | 210 | 225 | Target Achieved |
| USDINR | August | Buy | 82.28-82.30 | 82.50 | 82.18 | Exit in profit |

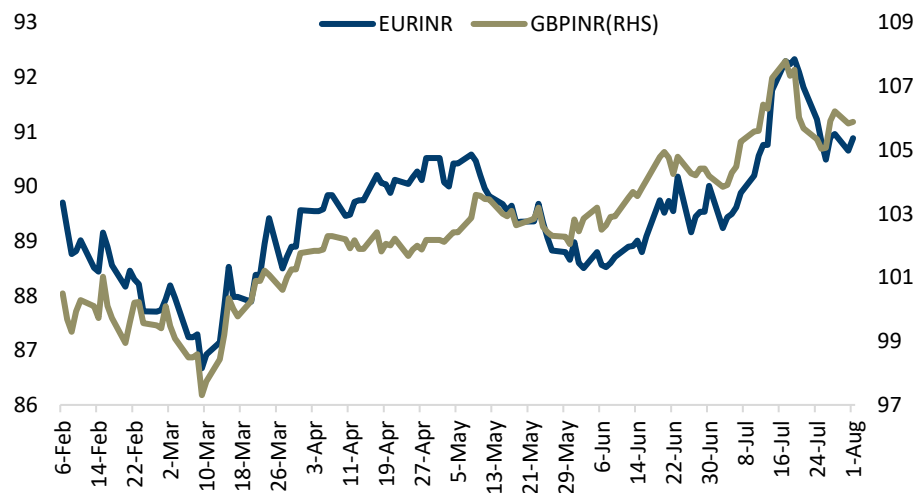
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated marginally yesterday amid strong dollar and elevated crude oil prices. Further, market participants remained cautious ahead of US ISM Manufacturing pmi and Jolts job opening data
- Rupee is likely to appreciate today amid expectation of correction in dollar. Dollar is likely to retreat from its high after US credit rating downgrade. Fitch downgraded US government rating to AA+ from AAA. Additionally, US ADP Non-Farm employment change data is projected to show that less number of jobs were added in economy in July. Meanwhile, surge in crude oil prices and risk aversion in the global markets may prevent sharp gains in rupee. US\$INR is likely to face hurdle near 82.50 and slip back till 82.20 level

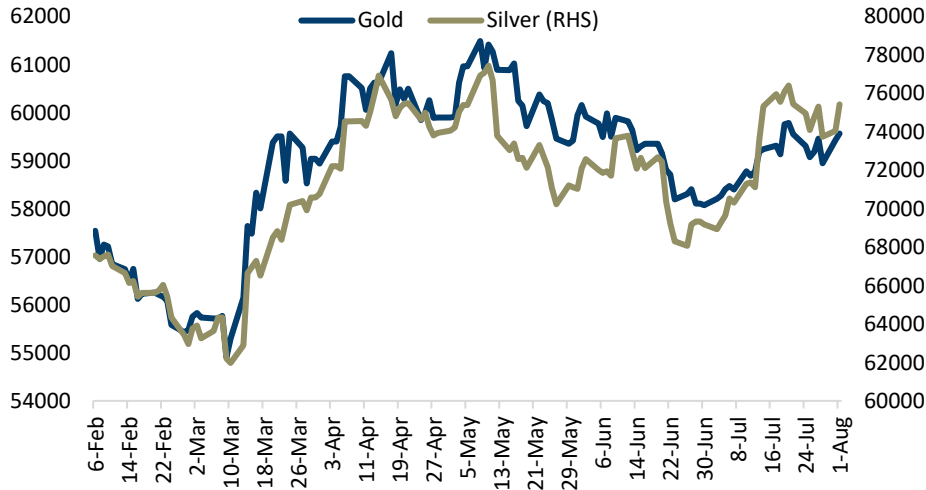
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro ended on negative note amid strong dollar and slew of disappointing economic data from euro zone. For today, EURUSD is likely to hold the support near 1.0950 level and rise back towards 1.1035 level amid expectation of correction in dollar and projection of improved economic data from bloc. However, sharp upside may be capped on anticipation that easing price pressure may provide room for ECB to hit a pause button sooner. EURINR may rise till 90.90 level as long as it stays above 90.30 level
- Pound is expected move north towards 1.2850 level as BOE is likely to hike interest rates in upcoming policy meeting by 25bps and keep doors open for further rate hikes. GBPINR is likely to hold the support near 104.75 level and rise towards 105.50 levels

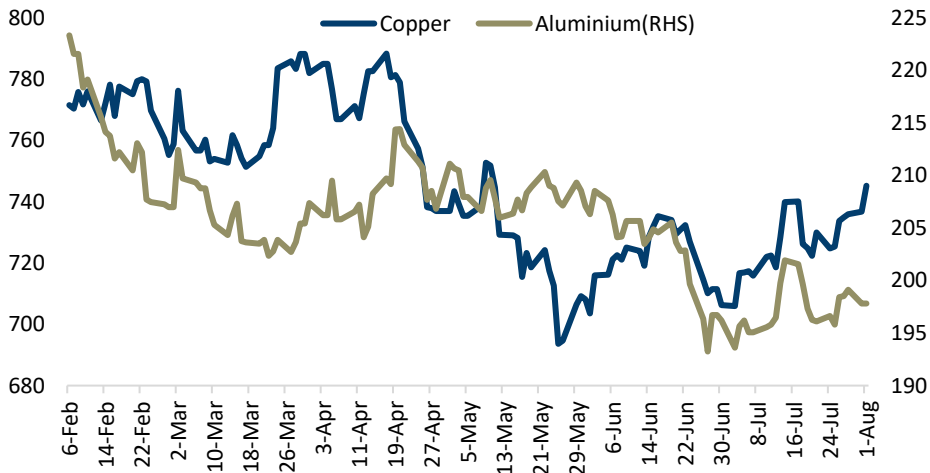
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected hold support near \$1940 and move towards the \$1958 mark amid expectation of correction in US treasury yields. The safe haven buying could support the bullions after Fitch downgraded the US Government's top credit rating to AA+ from AAA. Meanwhile, focus will turn towards today's US private payroll numbers which may bring more clarity on the future rate path
- MCX Gold October futures is likely to find support near 59100 and move higher towards 59,750 level. Only close below 59100, it would weaken towards 58800.
- MCX Silver is expected hold the support of 73,600 and rebound towards 74,800 level. Only close below 73400, the trend would turn bearish

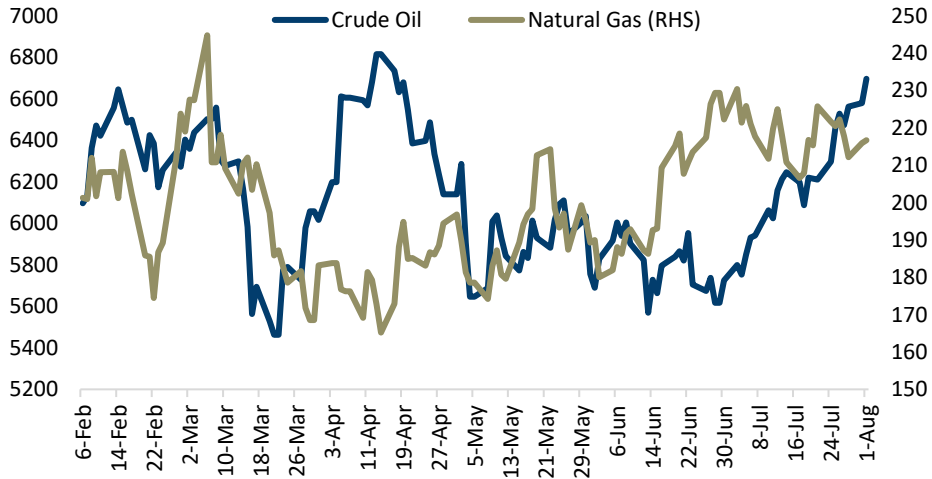
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid sluggish economic growth in China and weaker manufacturing activities across the globe. Further, lower imports of refined copper in the first half of the year by China could also restrict its upside. Additionally, increasing inventory levels in LME would restrict the metal to go beyond 750
- MCX Copper is likely to decline towards 740 levels as long as it trades below 750 levels
- MCX aluminium is expected to slide towards 201 level, as long as it trades under 204.60 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to extend its gains towards \$83 as long as it holds the support level of \$80 amid expectation of drawdown in weekly EIA inventory. Further announcement of Biden administration to buy 6 million barrels of oil for US Strategic Petroleum Reserve could support the gains in the oil price.
- MCX Crude oil is likely to hold support near 6640 level and rise towards 6840 levels
- MCX Natural gas is expected to face the hurdle near 218 and move downwards towards 205 level on forecast of cooler temperature in most region's of US in coming 10 days.

Daily Commodity Pivot Levels

| Commodity | S2 | S1 | Pivot | R1 | R2 |
|-----------|-------|-------|-------|-------|-------|
| Gold | 58976 | 59182 | 59556 | 59762 | 60136 |
| Silver | 72718 | 73331 | 74330 | 74943 | 75942 |
| Copper | 736.3 | 741.0 | 749.2 | 753.8 | 762.0 |
| Aluminium | 201.8 | 202.8 | 204.2 | 205.2 | 206.6 |
| Zinc | 224.0 | 225.8 | 227.6 | 229.4 | 231.2 |
| Lead | 184.7 | 184.9 | 185.0 | 185.2 | 185.4 |
| Crude Oil | 6598 | 6663 | 6701 | 6766 | 6804 |
| Nat Gas | 203 | 208 | 214 | 219 | 226 |

Daily Currency Pivot Levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Aug) | 82.24 | 82.28 | 82.34 | 82.38 | 82.44 |
| US\$INR (Sep) | 82.31 | 82.36 | 82.43 | 82.47 | 82.55 |
| EURINR (Aug) | 90.21 | 90.34 | 90.51 | 90.64 | 90.81 |
| EURINR (Sep) | 90.40 | 90.52 | 90.70 | 90.82 | 91.00 |
| GBPINR (Aug) | 105.00 | 105.17 | 105.44 | 105.60 | 105.87 |
| GBPINR (Sep) | 105.11 | 105.26 | 105.51 | 105.66 | 105.91 |
| JPYINR (Aug) | 57.77 | 57.85 | 57.98 | 58.06 | 58.19 |
| JPYINR (Sep) | 58.13 | 58.23 | 58.36 | 58.47 | 58.60 |

Major Currency Pairs

| Currencies | Close | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY | 102.30 | 101.86 | 0.44% |
| US\$INR | 82.26 | 82.25 | 0.01% |
| EURUSD | 1.0984 | 1.0997 | -0.12% |
| EURINR | 90.27 | 90.74 | -0.51% |
| GBPUSD | 1.2777 | 1.2835 | -0.45% |
| GBPINR | 105.43 | 105.76 | -0.32% |

10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change |
|---------|-------|------------|--------|
| India | 7.160 | 7.175 | -0.015 |
| US | 4.023 | 3.959 | 0.0642 |
| Germany | 2.557 | 2.492 | 0.065 |
| UK | 4.399 | 4.309 | 0.09 |
| Japan | 0.607 | 0.612 | -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 | 74175 | 5825 | 8.52% |
| Aluminium | 505550 | -1850 | -0.36% |
| Zinc | 99350 | -325 | -0.33% |
| Lead | 55075 | 875 | 1.61% |
| Nickel | 37512 | -24 | -0.06% |

Economic Calendar

| 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 | 42.7 | Medium |
| 1:30 PM | UK | Final Manufacturing PMI | 45.3 | 45.00 | 45.00 | Medium |
| 2:30 PM | Europe | Unemployment Rate | 6.4% | 6.50% | 6.50% | Medium |
| 7:30 PM | US | ISM Manufacturing PMI | 46.4 | 46.90 | 46.00 | High |
| 7:30 PM | US | JOLTS Job Openings | 9.58M | 9.61M | 9.82M | 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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