

August 3, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	August	Sell	739-739.50	733	743	Intraday
EURINR	August	Sell	90.78-90.80	90.50	91.00	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadamsaif.mukadam@icicisecurities.com
m**Anup Sahu**

anup.sahu@icicisecurities.com

News and Developments

- Spot Gold pared all its gains and hit its two weeks low on Wednesday amid strong dollar and rebound in bond yields after better than expected US private job numbers overcome the surprise move of Fitch's downgrade. Further, decline in long gold holdings in ETFs which fell to a new 3-year low on Tuesday has also weighed on the precious metal
- The private payroll numbers in US has increased more than expected in the month of July by 324000, suggesting resilient labor market.
- The US dollar index retained its safe haven appeal amid decline in risk appetite as major global indices declined on Wednesday
- Nymex Crude oil futures fell back from its three month high as risk-off sentiment in global markets weighed over the optimistic EIA weekly inventory data. US crude oil stocks fell by 17 million barrels last week amid strong exports and increased refinery usage. Meanwhile, Russian crude oil shipments declined to a seven-month low in July which helped oil prices to find support near \$79.00
- Copper prices declined for the second consecutive day amid strong dollar and sluggish demand from the top consumer China. The struggling property sector and weak manufacturing data from China soured the sentiments. Additionally, rise in metal stocks in LME registered warehouses to a fresh two month peak of 75275 MT has also weighed on copper prices.
- Natural gas futures hit the lowest level since mid-June on Wednesday amid prospects of lower demand and higher inventory. Nymex Natural gas fell below the \$2.5 per MMBtu.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59471	0.14%	1934.45	-0.51%
Silver	72960	-1.33%	23.72	-2.42%
Copper	737.9	-1.03%	8509.50	-1.41%
Aluminium	201.4	-1.18%	2209.00	-2.06%
Zinc	223.7	-1.71%	2482.50	-3.37%
Lead	185.1	0.00%	2146.50	-0.02%
WTI Crude Oil	6556	-2.54%	79.49	-2.31%
US Nat Gas	205.5	-3.20%	2.48	-3.24%

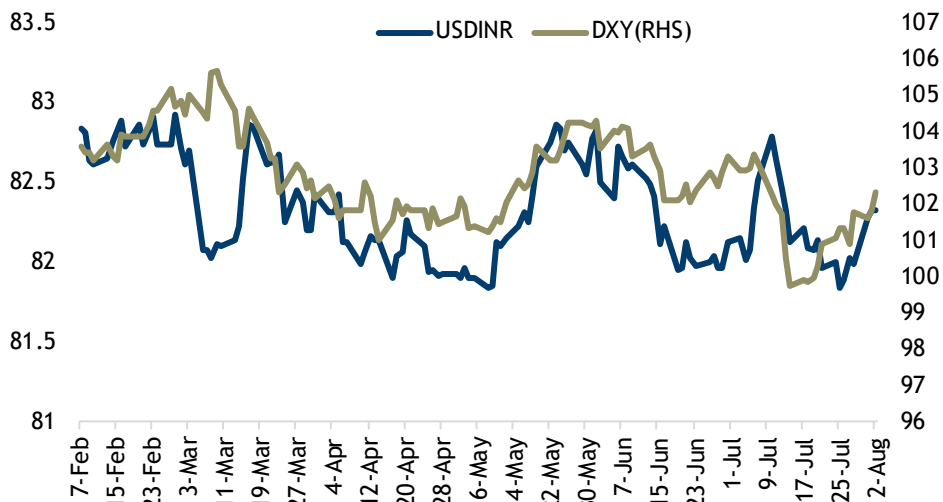
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	82.64	0.38%	2481227	300730	2539957	1350151
EURINR (29th Aug)	90.79	0.36%	178197	171	153660	-7762
GBPINR (29th Aug)	105.58	0.24%	339141	3066	188081	-85162

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	August	Buy	6670-6680	6820	6600	Stop Loss Triggered
USDINR	August	Sell	82.38-82.40	82.2	82.5	Stop Loss Triggered

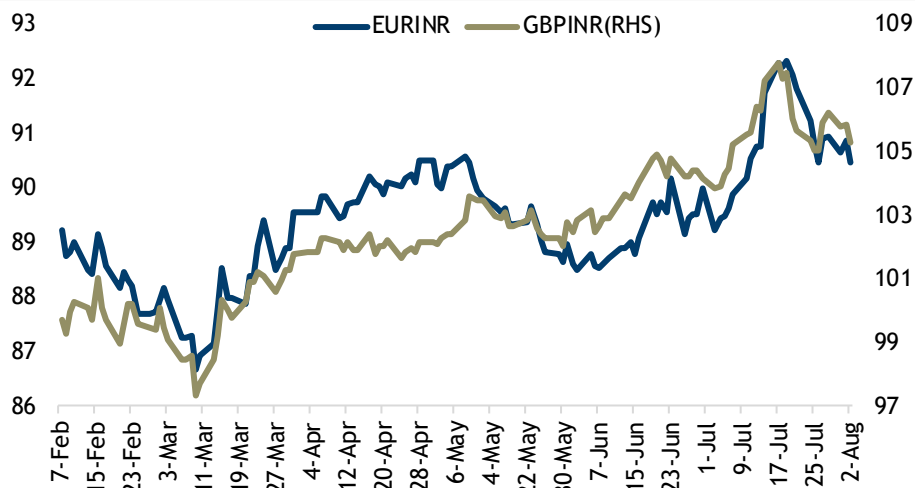
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated intensely yesterday posting biggest single-day loss in nearly two months on risk aversion in the global markets and strong dollar. Market sentiments were hurt after rating agency Fitch downgraded US government rating from AAA to AA+.
- Rupee is likely to depreciate further amid firm dollar and weak global market sentiments. Dollar is gaining strength as more than expected increase in private payroll suggest resilient labor market and possibility of Fed holding rates at elevated level for longer period. US\$INR is likely to hold the support near 82.50 level and rise back till 82.80 level

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped yesterday amid strong dollar and risk aversion in the global markets. Further, euro skid on decline in European government bond. For today, EURUSD is likely to face hurdle near 1.0980 level and slip further towards 1.0890 level amid strong dollar and pessimistic global market sentiments. EURINR may move south towards 90.10 level as long as it stays below 90.70 level
- Pound is expected move south towards 1.2650 level amid strong dollar and risk aversion in the global markets. Meanwhile, sharp downside may be cushioned as BOE is likely to hike interest rates in today's policy meeting and keep doors open for further rate hikes. While, investors are split on the size of rate increase. GBPINR is likely to face the hurdle near 105.50 level and slip towards 104.70 levels.

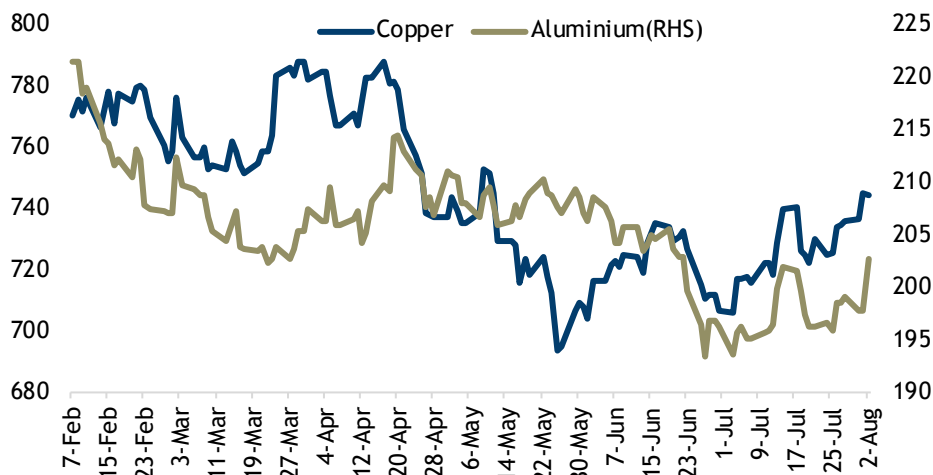
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to face the hurdle near \$1955 and may weaken towards the \$1930 mark amid strong dollar and rise in US treasury yields. Further, expectation of better economic numbers from US could also weigh on the bullions. Meanwhile, focus will turn towards this week's key US Non-farm payroll numbers
- MCX Gold October futures is likely to face the hurdle near 59700 and move towards the 50 day EMA at 59,100 level. Only close below 59100, it would weaken towards 58800.
- MCX Silver is expected to weaken towards 72,300, as long as it trades under 74,200 level. A move below 72300 would open the downside in price towards 71200

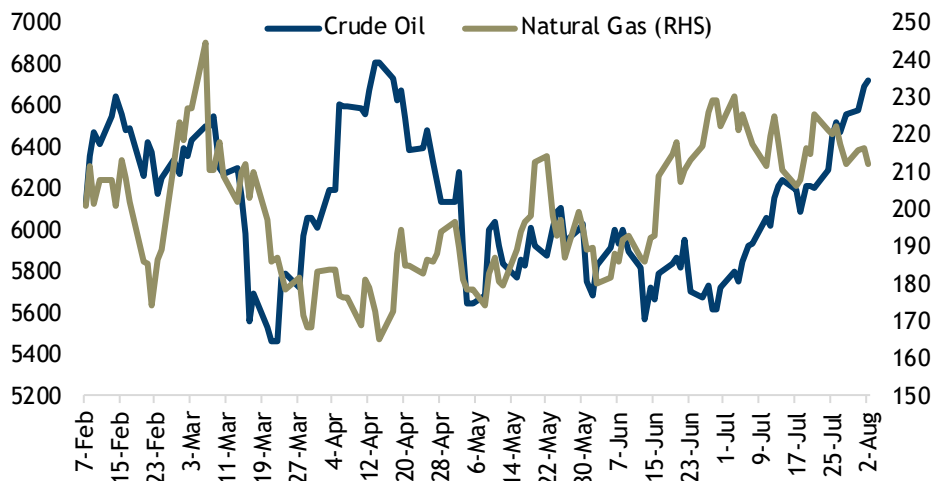
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid strong dollar and weak global risk sentiments. Further sluggish economic growth in China and increase in metal inventories in LME registered warehouses could also weigh on the red metal. The weakness in China's car sales numbers has been a concern for the metal demand. The auto sales numbers in China declined by 5% YoY in July
- MCX Copper is likely to weaken towards 733 levels as long as it trades below 744 levels
- MCX aluminium is expected to slide towards 198 level, as long as it trades under 202.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected face the hurdle near \$81 level and weaken towards the \$78 mark amid upswing in the dollar and rising risk off sentiments following the ratings downgrade. Meanwhile, focus shifts towards OPEC's joint monitoring ministerial committee meet, where the OPEC nations is expected to review its adherence to the current production management
- MCX Crude oil is likely to face the resistance near |6700 and weaken towards |6450.
- MCX Natural gas is expected to face the hurdle near 212 and move downwards to 200 level on forecast of higher inventories. Further cooler temperature in most region's of US would also weigh on the prices.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59086	59278	59545	59737	60004
Silver	71353	72156	73488	74291	75623
Copper	731.8	734.9	739.9	742.9	747.9
Aluminium	199.8	200.6	202.0	202.8	204.2
Zinc	220.1	221.9	224.4	226.2	228.8
Lead	185.1	185.1	185.1	185.1	185.1
Crude Oil	6391	6473	6629	6711	6867
Nat Gas	199	202	208	211	217

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	82.31	82.47	82.58	82.74	82.85
US\$INR (Sep)	82.39	82.55	82.66	82.82	82.93
EURINR (Aug)	90.45	90.62	90.78	90.95	91.10
EURINR (Sep)	90.61	90.78	90.93	91.10	91.26
GBPINR (Aug)	104.84	105.21	105.47	105.84	106.10
GBPINR (Sep)	105.12	105.38	105.59	105.85	106.05
JPYINR (Aug)	57.57	57.88	58.13	58.43	58.68
JPYINR (Sep)	57.97	58.27	58.51	58.80	59.04

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.59	102.30	0.28%
US\$INR	82.59	82.26	0.40%
EURUSD	1.0938	1.0984	-0.42%
EURINR	90.69	90.27	0.47%
GBPUSD	1.2711	1.2777	-0.52%
GBPINR	105.52	105.43	0.09%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.152	7.160	-0.008
US	4.078	4.023	0.0545
Germany	2.535	2.557	-0.022
UK	4.403	4.399	0.004
Japan	0.628	0.607	0.021

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
8/2/2023	8:00 PM	-17M	-0.9M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	75275	1100	1.48%
Aluminium	502775	-2775	-0.55%
Zinc	99225	-125	-0.13%
Lead	55225	150	0.27%
Nickel	37206	-306	-0.82%

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	324K	195K	497K	High
8:00 PM	US	Crude Oil Inventories	-17.0M	-0.9M	-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



Pankaj Pandey

Head - Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai - 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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