August 14, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	August	Sell	725-726	718	729	Intraday
EURINR	August	Sell	90.84-90.85	90.50	91.00	Intraday

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Daily Snapshot

News and Developments

- Spot Gold prices remained under pressure and hit the lowest level since July amid stronger dollar and rising treasury yields. The rise in US PPI numbers in July by 0.3% against market expectation of 0.2% was the key driver for the dollar to rise towards its highest level in this month.
- The US treasury yields rose to one- week highs on Friday after the hotter than expected July PPI numbers, a day after US CPI rose modestly last month. The rise in inflation numbers has again raised the concerns that the Fed might continue hiking rates
- Crude oil futures reversed all its losses and ended the day with a gain of more than 0.40% amid forecast of record world oil demand in August by IEA. The IEA in its latest report forecasted that the global oil demand would hit above the 103 million barrels per day
- Copper prices extended its decline for the 6th day in a row amid strong dollar and sluggish economic recovery in China. Further, subdued new bank loan growth in China has raised the concerns over the health of housing sector. Additionally, rise in inventory level in LME registered warehouses has also weighed over the metal prices
- Nymex Natural gas futures pared its losses and ended the day with marginal gains as forecast of above normal temperature in most parts of US raised the hopes of demand. Further decline in the Natural Gas rig to one and half year lows also supported its recovery. However, higher inventory levels in US has restricted the upside in gas prices.

Price Performance

Commodity	LTP (₹)	Change	LTP ($)	Change
Gold	59259	0.06%	1913.76	0.07%
Silver	69976	-0.01%	22.69	-0.08%
Copper	724.1	-0.44%	8294.50	-1.09%
Aluminium	200.0	-1.14%	2175.50	-1.29%
Zinc	218.8	-1.80%	2397.50	-2.42%
Lead	184.6	-0.43%	2109.00	-1.29%
WTI Crude Oil	6934	0.89%	83.19	0.45%
US Nat Gas	230.6	0.87%	2.77	0.25%

Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	82.83	0.15%	2876790	133009	1719778	-215655
EURINR (29th Aug)	91.10	-0.16%	186053	-4792	124095	-63595
GBPINR (29th Aug)	105.36	-0.23%	285033	-18191	290869	106417

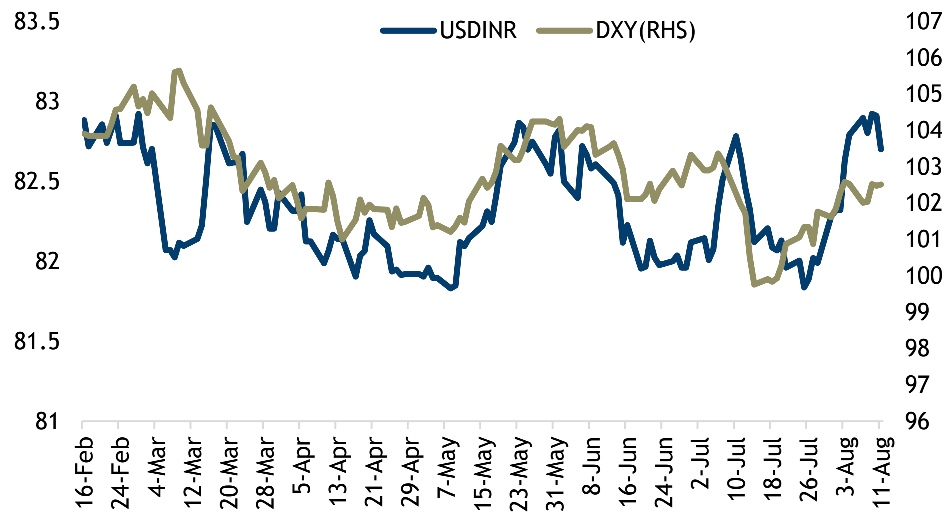
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	August	Sell	730-730.50	723	734	Not Initiated
USDINR	August	Sell	82.80-82.82	82.5	82.95	Exit At Cost

Source: Bloomberg, Reuters, ICICI Direct Research

Currency Outlook

Dollar Index vs. US$INR



Rupee Outlook

- Rupee depreciated yesterday amid strong dollar and elevated crude oil prices. The rise in US PPI numbers on Friday has pushed the dollar index to its one month high.
- Rupee is likely to depreciate today amid strong dollar. The higher inflation numbers from US has raised the bets that the Federal Reserve would keep the rates higher for longer period. Meanwhile, focus will shift towards todays key domestic CPI and WPI numbers which is expected to show a higher print. US$INR is likely to remain in the range of 82.70-83.00. Only a move above 83.00 would bring fresh buying interest in the pair. Similarly, a move below 82.70 would weaken the pair towards 82.50 level

EURINR vs. GBPINR

Source: Bloomberg, Reuters, ICICI Direct Research

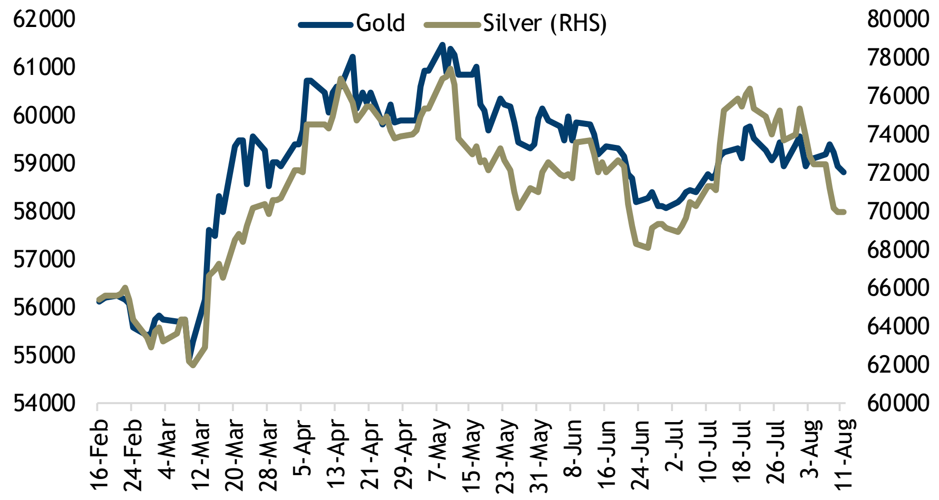
Euro and Pound Outlook

- Euro ended on negative note amid strong dollar and risk off sentiments in global equities. For today, EURUSD is likely to weaken towards 1.0920 level as long as it trades below 1.0960 level amid expectation of strong dollar. EURINR may face the hurdle near 91.10 level and weaken towards 90.50 level
- Pound edged higher on Friday after better than expected GDP numbers. Further improved manufacturing and industrial production numbers has also supported the pair to rise towards 1.27. For the day, the pair is expected to face the hurdle near 1.2750 and weaken towards 1.2640 amid strong dollar and weaker global risk sentiments. GBPINR is likely to weaken towards 104.80 level as long as it trades under 105.60 levels

Metal's Outlook

ICICI direct Research

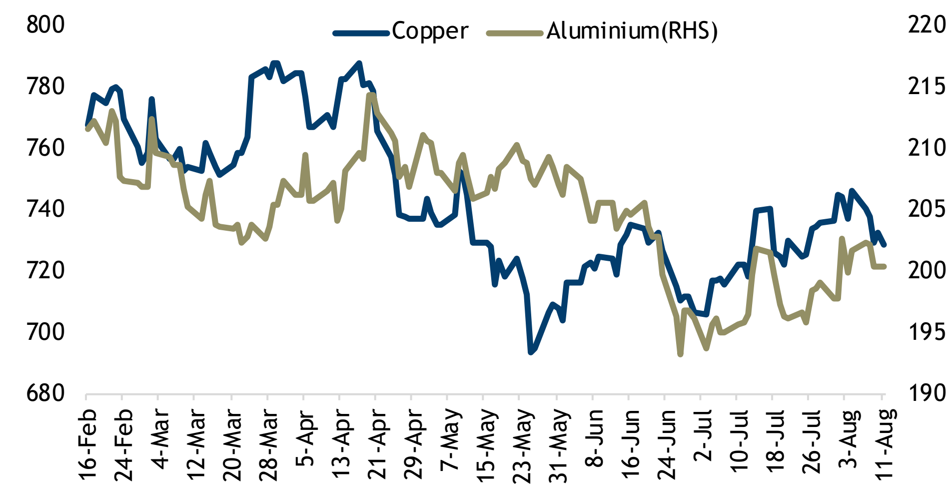
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected remain under pressure and weaken towards the key support level near $1900 amid strong dollar and rise in the US treasury yields. The rise in key inflation numbers in July has raised the bets that the Federal Reserve would raise the interest rates higher and for longer. Further, higher global government yields could weigh on the metal. The CME Fedwatch tool suggests more than 88% probability that the rates will remain unchanged in the September meeting
- MCX Gold futures is expected to dip towards 58600, as long as it trades under 59200.
- MCX Silver is likely to face the hurdle near 70600 and weaken towards 69200 levels.

MCX Copper vs. Aluminium



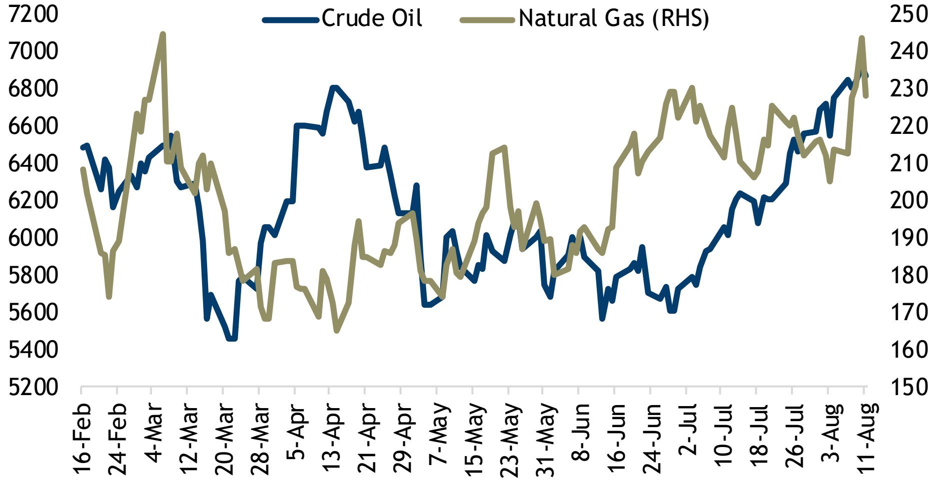
Base Metal Outlook

- Copper prices are expected to weaken further this week amid strong dollar and sluggish demand from top consumer China. The slowdown in China's credit growth has raised the doubts over property market recovery. Further, persistence rise in inventories at LME registered warehouse could also restrict the upside in the metal prices.
- MCX Copper is likely to face the hurdle near 728 and weaken towards 720. Only a move below 720 it would open the doors towards 716 level
- MCX aluminium is expected to weaken towards 197, as long as it trades under the 200 mark.

Source: Bloomberg, Reuters, ICICI Direct Research

Energy Outlook

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near the $84 mark and weaken towards $81 level amid strong dollar and sluggish demand from China. However, tight supplies and forecast of strong demand could restrict further downside in oil prices to go below the $81 mark.
- MCX Crude oil is likely to move in the band of 6800-7050. Only a move below 6800 could weaken the price towards 6700. On the contrary a move above 7050 would open the doors for 7200 levels.
- MCX Natural gas is expected to hold support near the 225 mark and rebound towards 238 amid forecast of above normal temperature in West, South and Eastern US from August 17-24

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59000	59130	59264	59394	59528
Silver	69259	69617	70009	70367	70759
Copper	717.8	720.9	724.7	727.8	731.6
Aluminium	197.3	198.7	200.4	201.8	203.5
Zinc	215.7	217.2	219.8	221.4	224.0
Lead	183.9	184.3	184.6	185.0	185.3
Crude Oil	6766	6850	6898	6982	7030
Nat Gas	219	225	230	236	241

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Aug)	82.61	82.72	82.81	82.93	83.02
US$INR (Sep)	82.71	82.81	82.90	83.00	83.09
EURINR (Aug)	90.89	90.99	91.09	91.19	91.29
EURINR (Sep)	91.09	91.18	91.28	91.38	91.48
GBPINR (Aug)	104.87	105.11	105.24	105.49	105.62
GBPINR (Sep)	104.97	105.21	105.33	105.57	105.70
JPYINR (Aug)	57.35	57.41	57.46	57.52	57.57
JPYINR (Sep)	57.58	57.69	57.85	57.96	58.11

Source: Bloomberg, Reuters, ICICI Direct Research

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.52	102.49	0.03%
US$INR	82.71	82.82	-0.13%
EURUSD	1.0981	1.0974	0.06%
EURINR	91.16	90.93	0.26%
GBPUSD	1.2676	1.2719	-0.34%
GBPINR	105.54	105.45	0.08%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.152	7.174	-0.022
US	4.106	4.008	0.0974
Germany	2.528	2.497	0.031
UK	4.364	4.365	-0.001
Japan	0.584	0.584	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
8/9/2023	8:00 PM	5.9M	2.1M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	84900	1900	2.29%
Aluminium	493825	-2325	-0.47%
Zinc	91800	225	0.25%
Lead	55875	0	0.00%
Nickel	37044	120	0.32%

Source: Bloomberg, Reuters, ICICI Direct Research

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, August 14, 2023						
All Day	Europe	German WPI m/m		-0.10%	-0.20%	Medium
5:30 PM	India	Inflation Rate		6.20%	5.50%	High
Tuesday, August 15, 2023						
7:30 AM	China	Industrial Production y/y		4.3%	4.4%	High
7:30 AM	China	Retail Sales y/y		4.20%	3.10%	Medium
11:30 AM	UK	Claimant Count Change		-	25.7K	High
11:30 AM	UK	Average Earnings Index 3m/y		-	6.90%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment		-15.00	-14.70	Medium
6:00 PM	US	Retail Sales m/m		0.40%	0.20%	High
6:00 PM	US	Empire State Manufacturing Index		-0.30	1.10	High
Wednesday, August 16, 2023						
11:30 AM	UK	CPI y/y		6.8%	7.9%	High
2:30 PM	Europe	Flash GDP q/q		0.30%	0.30%	High
6:00 PM	US	Building Permits		1.47M	1.44M	Medium
6:45 PM	US	Industrial Production m/m		0.3%	-0.5%	Medium
8:00 PM	US	Crude Oil Inventories		-	-	Medium
11:30 PM	US	FOMC Meeting Minutes		-	-	High
Thursday, August 17, 2023						
6:00 PM	US	Unemployment Claims		240K	248K	High
6:00 PM	US	Philly Fed Manufacturing Index		-9.8	-13.5	High
Friday, August 18, 2023						
11:30 AM	UK	Retail Sales m/m		-0.40%	0.70%	Medium
2:30 PM	Europe	Final CPI y/y		5.30%	5.30%	High

Source: Bloomberg, Reuters, ICICI Direct Research

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