

August 17, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	September	Sell	6680-6700	6550	6780	Intraday
EURINR	August	Sell	90.78-90.80	90.40	91.00	Intraday

Research Analysts

Raj Deepak Singh
rajdeepak.singh@icicisecurities.com

Saif Mukadam
saif.mukadam@icicisecurities.co
m

Anup Sahu
anup.sahu@icicisecurities.com

News and Developments

- Spot Gold prices gave up its early gains and moved towards its 7-week lows amid stronger dollar and rising treasury yields. The hawkish minutes of the July FOMC meeting has also weighed on the precious metals to trade lower.
- The minutes of the July Fed policy showed that its members were divided on whether to go for another 25 bps hike to Fed funds target rate, with some members expressing concern over yet-to-be-seen impact of the recent hikes, but most of the members remained united in their approach to bring back the inflation to the 2% level.
- Nymex Crude oil fell below the \$80 mark on Wednesday despite a large drawdown in weekly crude oil inventories as worries about sluggish growth in China and fear of rate hike by the Fed weighed over the oil bulls. Crude oil inventories fell by nearly 6 million barrels last week amid strong exports and refining run rates. The US crude oil production surged again last week and hit the pre-COVID levels despite the decline in rig count. Meanwhile, the Biden administration refilled the SPR for the second week in a row by adding 600k barrels
- Copper prices remained near its 7-week lows amid disappointing Chinese data and stronger dollar. Further, lack of strong stimulus from China also failed to bring fresh buying interest in the metals. Zinc in LME hit its lowest level in two-months amid sharp rise in inventories.
- Nymex Natural gas futures fell once again and lost more than 2.5% on Wednesday amid expectation of cooler US weather in late August

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59070	-0.48%	1891.81	-0.54%
Silver	69722	-0.33%	22.42	-0.50%
Copper	720.3	-0.83%	8167.00	-0.40%
Aluminium	198.0	-0.18%	2143.00	0.02%
Zinc	211.1	-2.04%	2283.50	-1.34%
Lead	185.1	0.46%	2120.50	-0.05%
WTI Crude Oil	6646	-3.23%	79.38	-1.99%
US Nat Gas	216.8	-6.47%	2.59	-2.52%

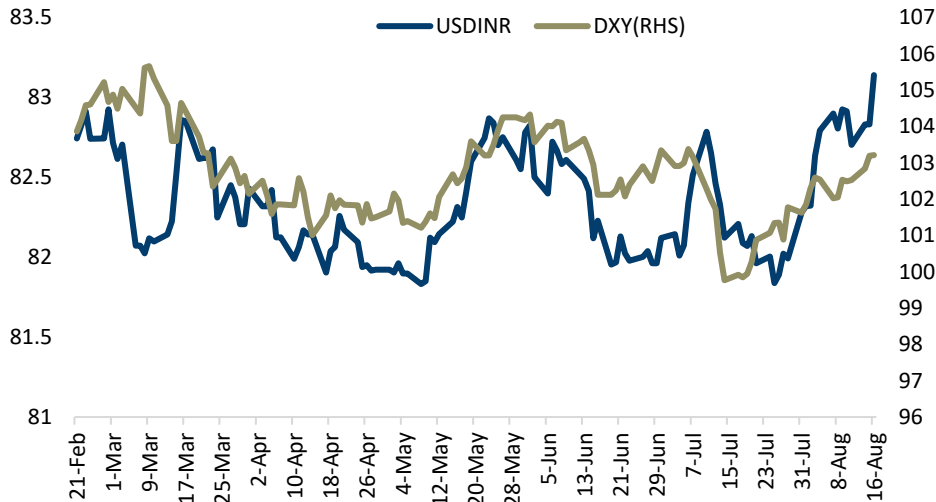
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	83.14	0.37%	2960939	84149	3247234	1527456
EURINR (29th Aug)	91.00	-0.10%	181562	-4491	167800	43705
GBPINR (29th Aug)	105.54	0.17%	291496	6463	211869	-79000

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	August	Sell	720	714	724	Not Initiated

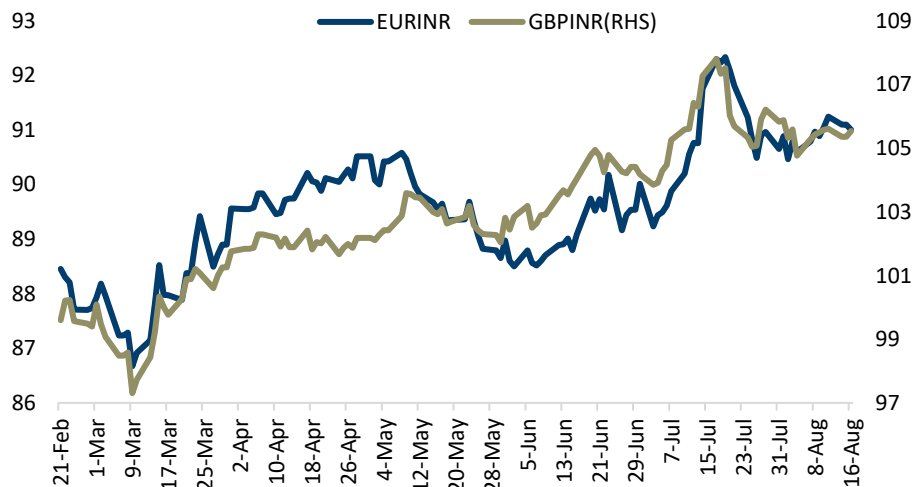
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee on Monday breached 83 level, hitting 10 month low amid strong dollar. Further, investors awaited India's retail inflation data for fresh cues
- Rupee is likely to depreciate today amid strong dollar and risk aversion in the global markets. Dollar is gaining strength as fresh economic data from US signaled resilience in the economy. Additionally, US treasury yields surged as Fed meeting minutes showed officials were divided over need for more rate hikes, though most policymakers continued to prioritize the battle against inflation. USDINR is likely to rise further till 83.40 level as long as it stays above 83.00 level

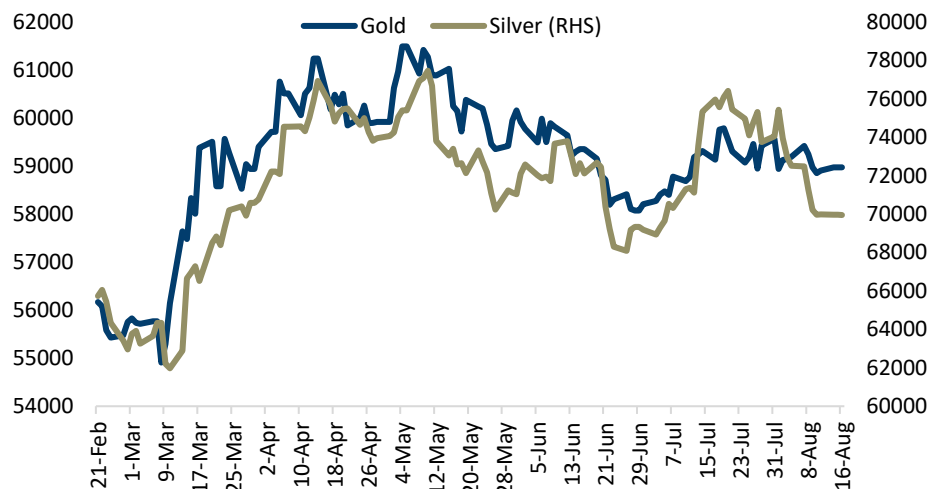
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro ended on negative note amid strong dollar and weak global market sentiments. Meanwhile, improved economic data from Euro Area cushioned further downside. For today, EURUSD is likely to weaken towards 1.0800 level as long as it trades below 1.0930 level amid firm dollar and pessimistic global market sentiments. Market sentiments are hurt on concerns over more rate hike from US Fed and China's laggard economy. EURINR may face the hurdle near 90.60 level and weaken towards 90.15 level
- Pound is likely to depreciate towards 1.2670 level amid strong dollar and risk aversion in the global markets. Meanwhile, British core-inflation remained elevated signaling that BOE will keep raising interest rates. GBPINR is likely to weaken towards 105.50 level as long as it trades below 106.20 levels

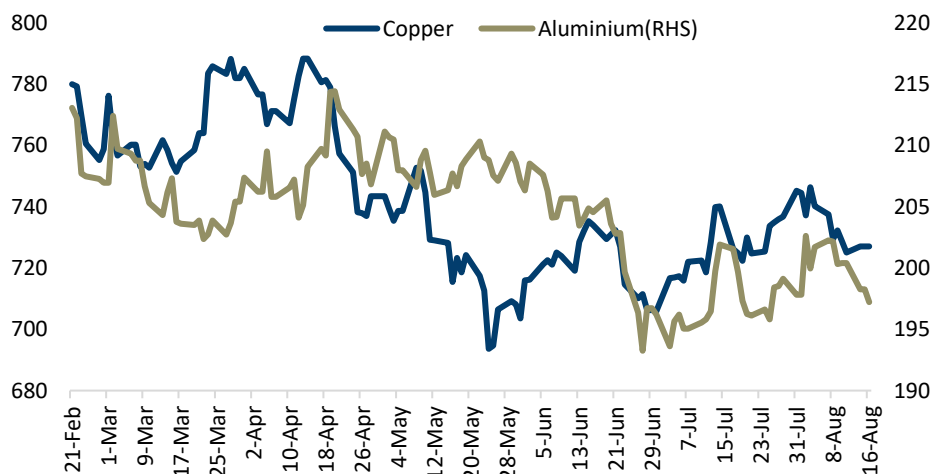
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected remain under pressure and weaken towards the next support level near \$1880 amid strong dollar and rise in the US treasury yields. The hawkish FOMC minutes along with better economic numbers from US could force the Fed to keep its monetary policy tight for longer period. Meanwhile, investors will focus on the weekly initial jobless claims numbers and manufacturing index to get more clues on the direction.
- MCX Gold futures is expected to weaken towards 58200, as long as it trades under 59000.
- MCX Silver is likely to face the hurdle near 70500 and weaken towards 69200 levels.

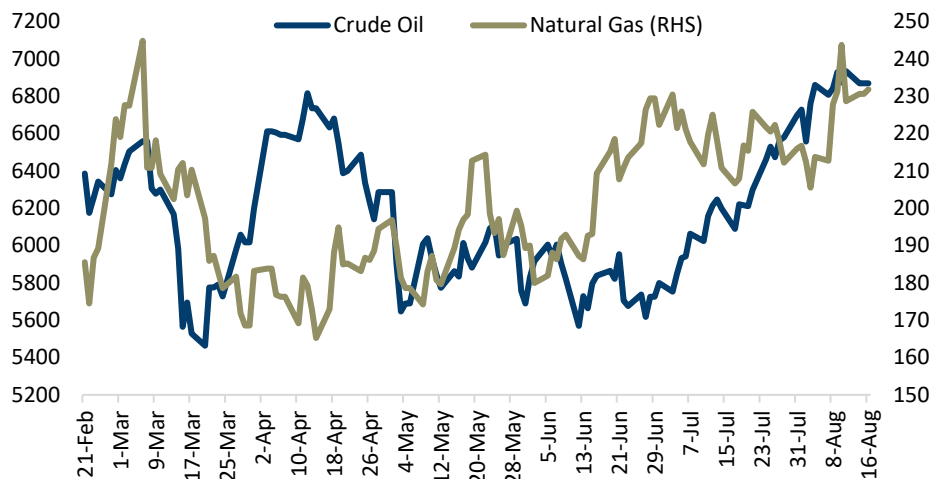
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are likely to remain under pressure amid strong dollar and sluggish demand from top consumer China. The slowdown in the property market and persistence rise in inventories at LME registered warehouse could also restrict the upside in the metal prices. Further, hawkish FOMC minutes also raised the bets that the Fed will keep the rates higher for longer duration
- MCX Copper is likely to face the hurdle near 726 and weaken towards 720. Only a move below 720 it would open the doors towards 716 level
- MCX aluminium is expected to weaken towards 195, as long as it trades under the 199 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to weaken towards \$78 mark as long as it trades under the 20 day EMA at \$81. The sluggish economic recovery in China and the strong dollar following the hawkish Fed minutes would act as key factors for weakness in oil prices. However tight supplies from OPEC nations could limit more downside in prices
- MCX Crude oil is likely to weaken towards 6500, as long as it trades under 6800 level. .
- MCX Natural gas is expected to weaken towards 210, as long as it trades under 20 day EMA at 221. However, expectation of drawdown in inventories could provide some relief to the prices.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58925	58997	59123	59195	59321
Silver	69232	69477	69931	70176	70630
Copper	717.2	718.8	721.0	722.6	724.8
Aluminium	196.8	197.4	198.1	198.7	199.4
Zinc	207.4	209.2	211.4	213.2	215.4
Lead	184.4	184.7	185.2	185.5	186.0
Crude Oil	6541	6593	6683	6735	6825
Nat Gas	205	211	220	226	235

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	82.89	83.02	83.10	83.23	83.31
US\$INR (Sep)	82.97	83.09	83.18	83.31	83.39
EURINR (Aug)	90.60	90.80	90.95	91.16	91.31
EURINR (Sep)	90.80	91.00	91.14	91.34	91.48
GBPINR (Aug)	104.92	105.23	105.45	105.76	105.98
GBPINR (Sep)	105.03	105.32	105.53	105.83	106.03
JPYINR (Aug)	57.31	57.40	57.48	57.57	57.65
JPYINR (Sep)	57.64	57.73	57.82	57.91	58.00

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.43	103.21	0.22%
US\$INR	82.95	82.84	0.13%
EURUSD	1.0879	1.0905	-0.24%
EURINR	90.85	90.94	-0.09%
GBPUSD	1.2732	1.2705	0.21%
GBPINR	105.31	105.19	0.12%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.205	7.202	0.003
US	4.250	4.211	0.0394
Germany	2.650	2.672	-0.022
UK	4.646	4.589	0.057
Japan	0.630	0.632	-0.002

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
8/16/2023	8:00 PM	-6.0M	-2.4M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	90875	725	0.80%
Aluminium	488600	-2200	-0.45%
Zinc	141750	34850	32.60%
Lead	56850	750	1.34%
Nickel	37170	-12	-0.03%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, August 14, 2023						
All Day	Europe	German WPI m/m	-0.20%	-0.10%	-0.20%	Medium
5:30 PM	India	Inflation Rate	7.44%	6.20%	5.50%	High
Tuesday, August 15, 2023						
7:30 AM	China	Industrial Production y/y	3.7%	4.3%	4.4%	High
7:30 AM	China	Retail Sales y/y	2.50%	4.20%	3.10%	Medium
11:30 AM	UK	Claimant Count Change	29K	-	25.7K	High
11:30 AM	UK	Average Earnings Index 3m/y	8.20%	-	6.90%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment	-12.3	-15.00	-14.70	Medium
6:00 PM	US	Retail Sales m/m	0.70%	0.40%	0.20%	High
6:00 PM	US	Empire State Manufacturing Index	-19.0	-0.90	1.10	High
Wednesday, August 16, 2023						
11:30 AM	UK	CPI y/y	6.8%	6.8%	7.9%	High
2:30 PM	Europe	Flash GDP q/q	0.30%	0.30%	0.30%	High
6:00 PM	US	Building Permits	1.44M	1.47M	1.44M	Medium
6:45 PM	US	Industrial Production m/m	1.0%	0.3%	-0.5%	Medium
8:00 PM	US	Crude Oil Inventories	(-6.0) M	(-2.4)M	5.9M	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



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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