August 18, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	August	Buy	721.5-722	728	718	Intraday
EURINR	August	Sell	90.58-90.60	90.20	90.80	Intraday

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Daily Snapshot

News and Developments

- Gold prices erased all its gains and ended the day on a loosing side as rebound in dollar and rally in the 10 year treasury yields weighed on the yellow metal to hit its lowest level in 5-months
- The 10 year US treasury yields hit its 9- month high on Thursday as strong economic data and last week's higher inflation numbers raised the expectations that the Federal reserve will hold the rates higher for longer period. The data on Thursday also indicated tighter labor market as the weekly jobless claims fell by 11k last week
- Nymex Crude oil prices took a pause in its decline and gained more than 1% on Thursday amid hopes of fresh stimulus measure from the PBOC to help the economy to move back to the track. Further, better than expected economic numbers from US also supported its recovery. The continued supply cuts from OPEC+ nations and fall in us crude oil stocks has strengthened the its recovery.
- Base metals reversed its loosing streak and ended the day with a positive note after Beijing provided additional support to the currency markets. The PBOC told its state owned banks to step up intervention in the currency market. Further the prospects of additional stimulus measures from China also supported the recovery in the red metal
- Nymex Natural gas futures rose more than 1% on Thursday after the EIA reported smaller than usual storage build last week. The US utilities added 35 bcf of gas storage last week against last 5 year average increase of 41 bcf.

Price Performance

Commodity	LTP (₹)	Change	LTP ($)	Change
Gold	58704	-0.62%	1889.43	-0.13%
Silver	70018	0.42%	22.69	1.24%
Copper	724.1	0.52%	8235.50	0.84%
Aluminium	198.2	0.10%	2145.50	0.12%
Zinc	211.4	0.12%	2298.00	0.63%
Lead	185.5	0.19%	2141.50	0.99%
WTI Crude Oil	6685	0.59%	80.39	1.27%
US Nat Gas	218.9	0.97%	2.62	1.12%

Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	83.11	-0.03%	3084772	123833	2950926	-296308
EURINR (29th Aug)	90.51	-0.54%	160242	-21320	225751	57951
GBPINR (29th Aug)	105.94	0.38%	309529	18033	254033	42164

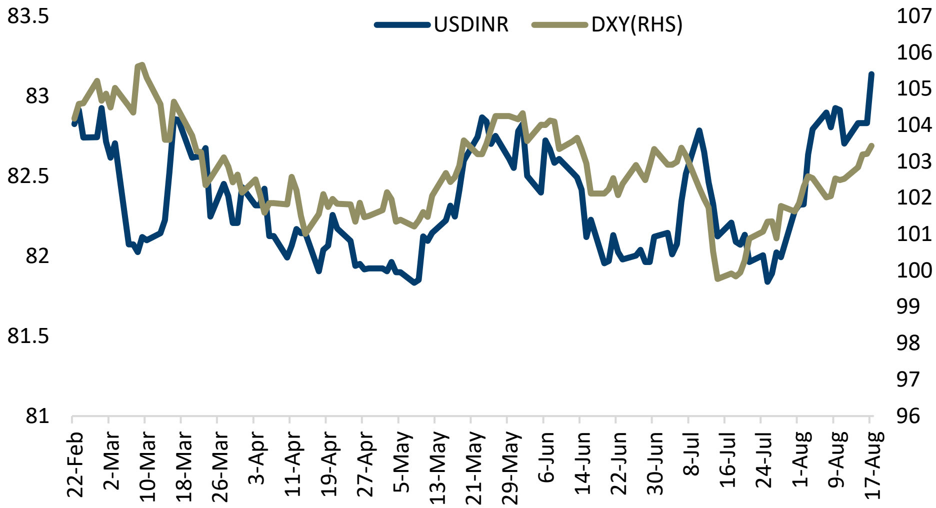
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	September	Sell	6680-6700	6550	6780	Profit booked
EURINR	August	Sell	90.78-90.80	90.40	91.00	Not Initiated

Source: Bloomberg, Reuters, ICICI Direct Research

Currency Outlook

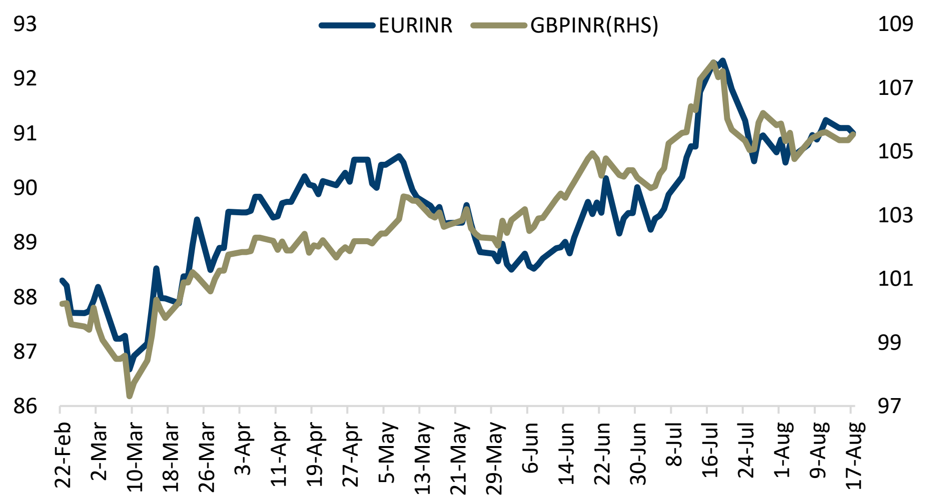
Dollar Index vs. US$INR



Rupee Outlook

- Rupee depreciated yesterday amid strong dollar and weakness in domestic equities. US treasury yields and greenback gained momentum after FOMC minutes signaled that most policymakers felt that inflation risk could require further monetary tightening
- Rupee is likely to depreciate today amid firm dollar and risk aversion in the global markets. Market sentiments are hurt on fears that US Federal Reserve will keep interest rates elevated for longer duration as recent run of US economic data indicated resilient US economy. Additionally, slew of economic data from China and turmoil in property sector painted gloomy picture of post-pandemic recovery. USDINR is likely to rise further till 83.25 level, as long as it stays above 82.90 level

EURINR vs. GBPINR



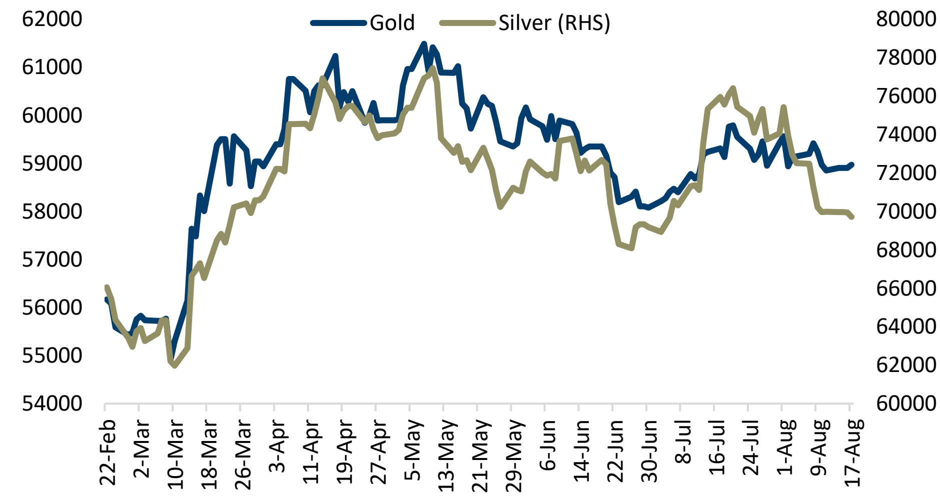
Euro and Pound Outlook

- Euro ended on negative note amid strong dollar and weak global market sentiments. For today, EURUSD is likely to weaken further towards 1.0830 level as long as it trades below 1.0920 level amid firm dollar and pessimistic global market sentiments. EURINR may face the hurdle near 90.70 level and weaken towards 90.20 level
- Pound edged higher yesterday on expectations that Bank of England will continue to hike rates as data showed wage growth at a record high and latest core inflation figures came in hotter than expected. For the day, the pair is expected to face the hurdle near 1.2800 and weaken towards 1.2700 level amid firm dollar and expectation of slump in retail sales. GBPINR is likely to slip back towards 105.40 level as long as it trades under 106.20 levels

Source: Bloomberg, Reuters, ICICI Direct Research

Metal's Outlook

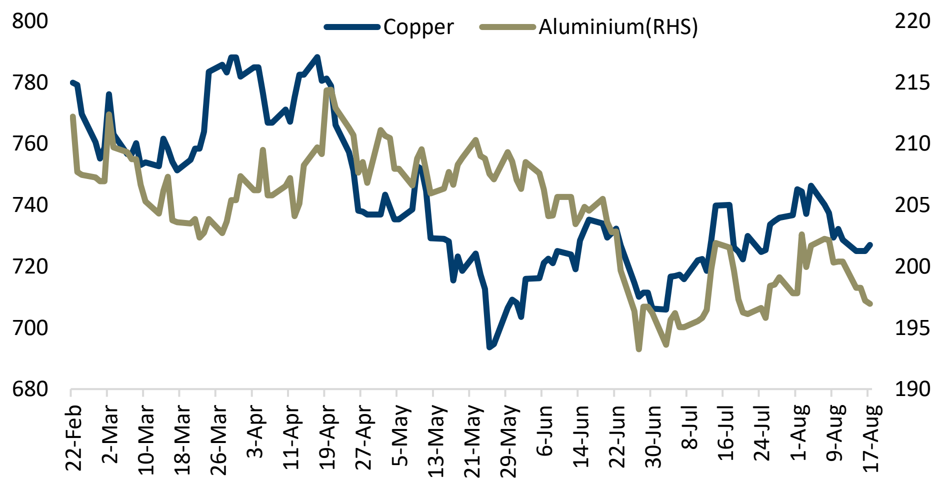
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to remain under pressure and weaken towards the next support level near $1880 amid strong dollar and rise in the US treasury yields. The increasing probability of another 25 bps hike in this year could weaken the precious metals. The CME FedWatch toll suggest a rise in probability of 25 bps hike in November to 38%. Further break down of the 200 day SMA, along with the rising trend channel could restrict the spot gold to go beyond $1910 mark
- MCX Gold futures is expected to weaken towards 58000, as long as it trades under 58600.
- MCX Silver is likely to face the hurdle near 71000 and weaken towards 69400 levels.

MCX Copper vs. Aluminium



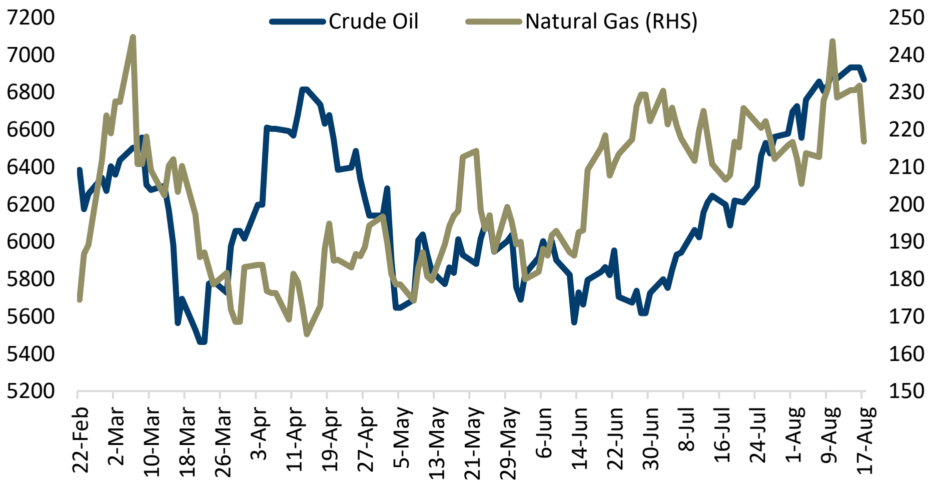
Base Metal Outlook

- Copper prices are expected to take a pause in its decline and move north amid hopes of fresh stimulus from the top metal consumer China to support its slowing property market. Meanwhile, strong dollar and rising inventory levels in LME could restrict more upside in the metal
- MCX Copper is likely to consolidate in between 718 and 728. Only a move above 728 it would rise towards the 200 day EMA at 734.
- MCX aluminium is expected to weaken towards 195, as long as it trades under the 199 mark.

Source: Bloomberg, Reuters, ICICI Direct Research

Energy Outlook

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the key support level near $78 level and rise back towards the $82 level amid hopes of fresh stimulus from China. Further, better US earning season and improved economic numbers would help the NYMEX crude to trade on a bullish mode. Moreover tight supplies from OPEC nations could limit its downside in prices
- MCX Crude oil is likely to weaken hold support near 6580 and rise back towards 6780.
- MCX Natural gas is expected to consolidate in between 214 and 224. Only a move above 224 it would rise back towards 230.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58455	58580	58808	58933	59161
Silver	68580	69299	70095	70814	71610
Copper	713.4	718.7	722.6	727.9	731.8
Aluminium	193.9	196.1	198.4	200.5	202.8
Zinc	206.2	208.8	211.3	213.9	216.4
Lead	184.3	184.9	185.2	185.8	186.1
Crude Oil	6504	6595	6664	6755	6824
Nat Gas	211	215	219	223	226

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Aug)	82.93	83.02	83.11	83.20	83.29
US$INR (Sep)	82.96	83.08	83.18	83.30	83.40
EURINR (Aug)	90.16	90.33	90.45	90.63	90.75
EURINR (Sep)	90.35	90.52	90.64	90.81	90.94
GBPINR (Aug)	105.40	105.67	105.82	106.09	106.24
GBPINR (Sep)	105.50	105.75	105.89	106.15	106.29
JPYINR (Aug)	56.77	56.91	56.99	57.13	57.22
JPYINR (Sep)	57.12	57.25	57.33	57.46	57.55

Source: Bloomberg, Reuters, ICICI Direct Research

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.57	103.43	0.14%
US$INR	83.15	82.95	0.24%
EURUSD	1.0872	1.0879	-0.06%
EURINR	90.40	90.85	-0.49%
GBPUSD	1.2747	1.2732	0.12%
GBPINR	105.78	105.31	0.44%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.249	7.205	0.044
US	4.274	4.250	0.0237
Germany	2.709	2.650	0.059
UK	4.746	4.646	0.1
Japan	0.646	0.630	0.016

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	91400	525	0.58%
Aluminium	487100	-1500	-0.31%
Zinc	142775	1025	0.72%
Lead	56425	-425	-0.75%
Nickel	37110	-60	-0.16%

Source: Bloomberg, Reuters, ICICI Direct Research

Economic Calendar

ICICI direct Research

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	239K	240K	248K	High
6:00 PM	US	Philly Fed Manufacturing Index	12.0	-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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