August 25, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Sell	732.50-733	726	737	Intraday
USDINR	August	Buy	82.50-82.52	82.75	82.35	Intraday

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Daily Snapshot

News and Developments

- Gold prices held in a very tight range as traders remained watchful ahead of the Jackson Hole symposium, where the major central banker would provide guidance on the future interest rate path
- Silver futures edged lower amid strong dollar. Further rise in US treasury yield curves also limited the upside in the bullions. Better than expected US weekly jobless claims numbers also supported the dollar to rise towards 104 mark. The US weekly unemployment numbers declined by 9k to 230k.
- The dollar index rallied to its highest level since June 2023 amid better economic numbers. Also hawkish comments from the Boston Fed president Collins to bring back the inflation to 2% target has supported the dollar to stay firm
- Nymex Crude oil prices recovered its losses amid speculation that Saudi Arabia would extend its 1 million bpd voluntary production cut into October. Earlier oil futures hit the lowest level in four-weeks amid signs of improved supply from Iran. Exports from the Iran has rose to a five-year high of 2.2 million bpd during the month of August. Further stronger dollar and weak data from major economies has weighed on the NYMEX oil to settle below the $80 mark
- Copper prices erased its earlier gains amid concerns over global economic growth. Further, strong dollar weighed on the metal prices, as traders remained cautious ahead of the Jackson Hole symposium. Furthermore, persistent rise in inventory levels in LME registered warehouses also weighed on the metal prices
- NYMEX Natural gas futures rose more than 2% from its 10–week low after the weekly EIA data showed US utilities added 18 bcf of natural gas into storage, less the market expectation of 33 bcf.

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

Commodity	LTP (₹)	Change	LTP ($)	Change
Gold	59236	0.02%	1916.91	0.07%
Silver	73568	-0.59%	24.12	-0.77%
Copper	731.8	-0.73%	8359.50	-1.09%
Aluminium	198.5	-0.73%	2157.50	-1.01%
Zinc	214.8	0.21%	2394.00	0.97%
Lead	186.4	-0.13%	2183.00	-0.21%
WTI Crude Oil	6520	-0.53%	79.05	0.20%
US Nat Gas	209.9	1.40%	2.52	0.88%

Domestic Currencies

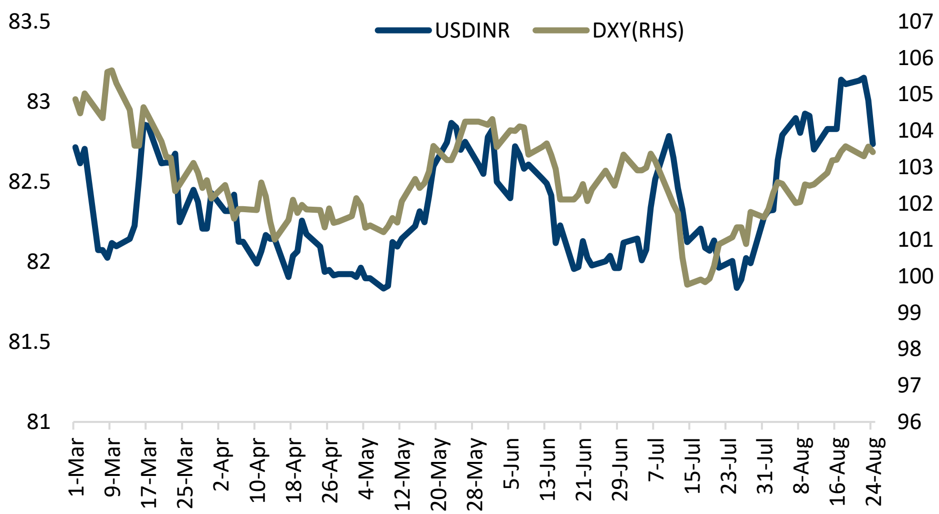
Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	82.58	-0.19%	2574852	-171398	2616723	-387361
EURINR (29th Aug)	89.66	0.19%	130646	-17047	147664	-137259
GBPINR (29th Aug)	104.76	0.19%	191571	-30729	255541	-220377

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	September	Sell	6580-6600	6450	6680	Not initiated
GBPINR	August	Sell	105-105.02	104.60	105.25	Profit booked

Currency Outlook

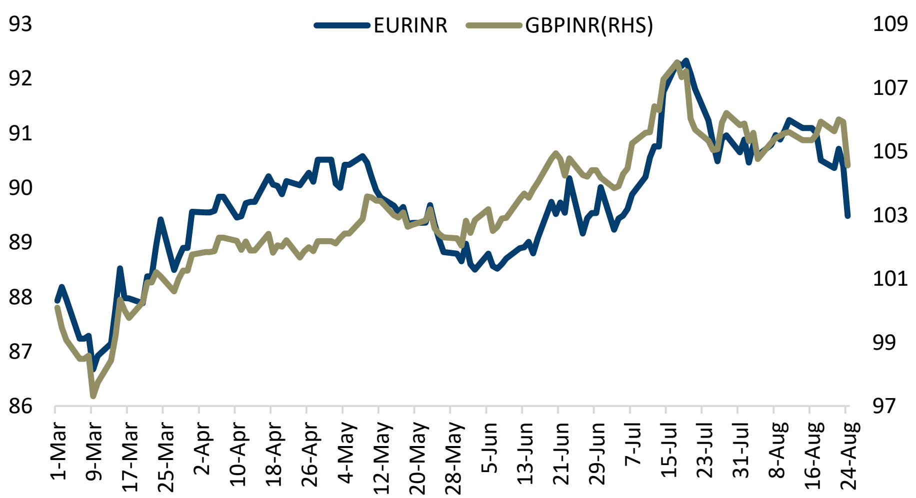
Dollar Index vs. US$INR



Rupee Outlook

- Rupee appreciated yesterday amid pullback in US treasury yields and softening of crude oil prices. Meanwhile, investors remained cautious ahead of economic data from US to gauge the economic health
- Rupee is likely to depreciate today amid strong dollar and risk aversion in the global markets. Dollar is gaining strength on hawkish comments from Fed officials and as data showed number of Americans filing new claims for unemployment benefits declined last week, signaling tight labor market conditions. Further, market awaits a speech from Federal Reserve chair Powell to get the hint on rate trajectory. US$INR is likely to hold the support near 82.35 level and rise towards 82.75 levels

EURINR vs. GBPINR



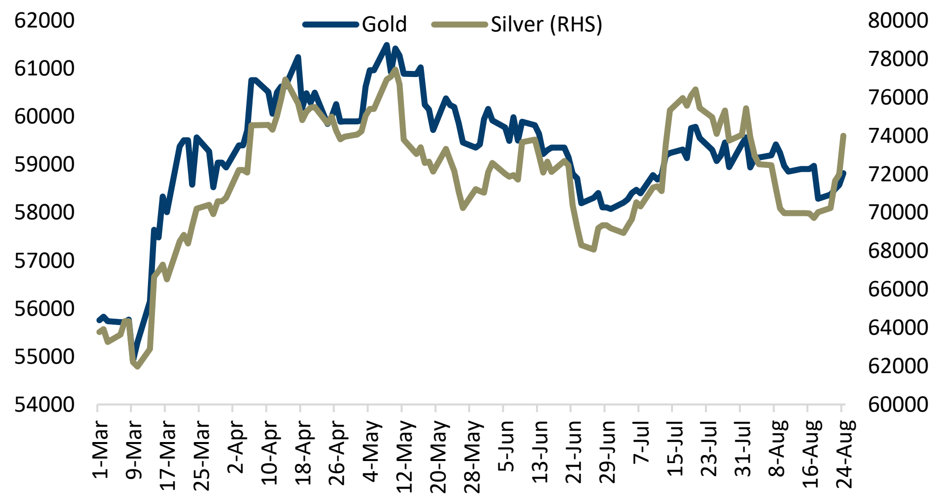
Source: Bloomberg, Reuters, ICICI Direct Research

Euro and Pound Outlook

- Euro ended on negative note amid strong dollar and dovish comments from ECB Governing Council member Centeno. For today, EURUSD is likely to slip further towards 1.0735 level as long as it trades below 1.0820 level amid strong dollar and risk aversion in the global markets. Market sentiments are hurt on anticipations that US Fed Chair Powell will give relatively upbeat diagnosis on economy and signal that rates will need to continue to be restrictive to control inflation. EURINR may move south towards 88.70 level as long as it stays below 89.40 levels
- Pound is expected to face the hurdle near 1.2620 level and weaken towards 1.2535 level on strong dollar and pessimistic global market sentiments. Further, contraction in British activity promoted markets to trim expectations for further rate hikes from BOE. GBPINR is likely to weaken towards 103.40 level as long as it trades under 104.30 levels

Metal's Outlook

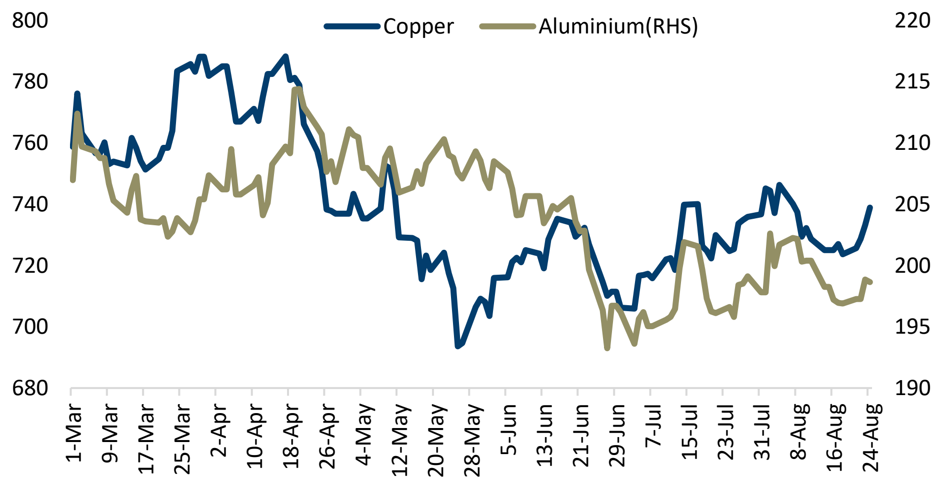
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to move in tight range of $1910-1926 ahead of the Fed chair's speech at Jackson Hole symposium later in the evening. Meanwhile, firm dollar and higher treasury yields could limit the upside in the precious metals. Any clarity on the future interest rate trajectory by the Fed chair could bring more clarity in the price trend.
- MCX Gold futures is expected to face the hurdle near 59000 and move back towards 58400 amid strong dollar. Only a sustained move above 59000 would push the price towards 59200.
- MCX Silver is expected face the hurdle near 74200 and decline towards 72800 . Only a move above 74200 the trend would turn bullish and push the price towards 75000.

MCX Copper vs. Aluminium



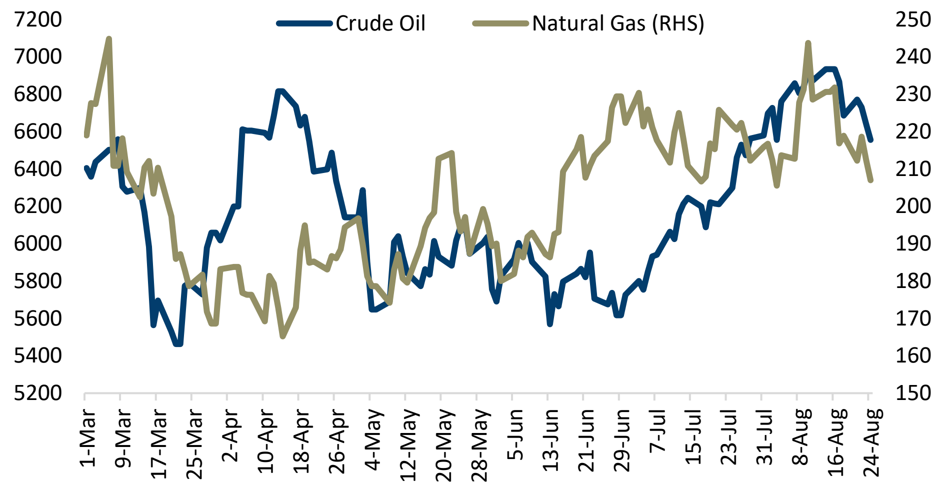
Base Metal Outlook

- Copper prices are expected to trade on a weaker note amid strong dollar and sluggish growth in the Chinese housing sector. The decline in new starts and buildings under construction have fallen nearly 50% YoY, which looks unlikely to reverse in the near term. Meanwhile, focus will be on todays Fed chair's speech which would provide more clues on the next move from the Fed
- MCX Copper is likely face the resistance near 736 and weaken towards 726.
- MCX aluminium is likely to weaken towards 196.50, as long as it trades under the 200 level

Source: Bloomberg, Reuters, ICICI Direct Research

Energy Outlook

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to trade within the range of $77.40-80.00 ahead of the key event later in the evening. The downside in price could be limited on reports of falling gasoline stocks in Europe last week. Further, speculation of extension in voluntary production cut by Saudi Arabia to October could provide support to the price. On the other hand strong dollar and weaker economic growth in China would limit the upside in oil prices. Moreover efforts to increase the oil supplies by US could cap the upside in price rally
- MCX Crude oil is likely to remain in the range of 6400-6640. Only a move above 6640 the trend would turn bullish.
- MCX Natural gas September future is expected to face the hurdle near 225 and weaken towards 214.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59015	59126	59200	59311	59385
Silver	72904	73236	73597	73929	74290
Copper	727.8	729.8	733.3	735.3	738.8
Aluminium	197.2	197.8	198.9	199.5	200.6
Zinc	212.1	213.4	214.5	215.8	216.9
Lead	185.4	185.9	186.3	186.8	187.3
Crude Oil	6369	6445	6500	6576	6631
Nat Gas	196	203	207	214	219

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Aug)	82.27	82.42	82.52	82.67	82.77
US$INR (Sep)	82.36	82.51	82.61	82.76	82.85
EURINR (Aug)	89.43	89.54	89.68	89.79	89.93
EURINR (Sep)	89.68	89.78	89.90	90.00	90.12
GBPINR (Aug)	104.39	104.57	104.84	105.02	105.29
GBPINR (Sep)	104.50	104.68	104.93	105.11	105.37
JPYINR (Aug)	56.66	56.74	56.89	56.98	57.12
JPYINR (Sep)	57.03	57.11	57.26	57.34	57.49

Source: Bloomberg, Reuters, ICICI Direct Research

Key Parameters

ICICI direct Research

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.98	103.42	0.54%
US$INR	82.58	82.69	-0.14%
EURUSD	1.0810	1.0863	-0.49%
EURINR	89.58	89.37	0.23%
GBPUSD	1.2602	1.2727	-0.98%
GBPINR	104.64	104.55	0.08%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.197	7.193	0.004
US	4.237	4.192	0.0454
Germany	2.513	2.517	-0.004
UK	4.426	4.468	-0.042
Japan	0.656	0.674	-0.018

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
8/23/2023	8:00 PM	-6.1M	-2.9M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	96625	1200	1.26%
Aluminium	527550	-700	-0.13%
Zinc	149800	-375	-0.25%
Lead	54650	-625	-1.13%
Nickel	37008	0	0.00%

Source: Bloomberg, Reuters, ICICI Direct Research

Economic Calendar

ICICI direct Research

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, August 21, 2023						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.40%	3.55%	High
6:45 AM	China	5-y Loan Prime Rate	4.20%	4.05%	4.20%	High
Tuesday, August 22, 2023						
11:30 AM	UK	Public Sector Net Borrowing	3.5B	3.4B	17.7B	Medium
Day 1	All	BRICS Summit	-	-	-	Medium
7:30 PM	US	Existing Home Sales	4.07M	4.15M	4.16M	Medium
6:00 PM	US	Richmond Manufacturing Index	-7.0	-8	-9	Medium
Wednesday, August 23, 2023						
12:45 PM	Europe	French Flash Manufacturing PMI	46.4	45.2	45.1	High
1:00 PM	Europe	German Flash Manufacturing PMI	39.1	38.6	38.8	High
1:30 PM	Europe	Flash Manufacturing PMI	43.7	42.8	42.7	Medium
2:00 PM	UK	Flash Manufacturing PMI	42.5	45.1	45.3	High
7:15 PM	US	Flash Manufacturing PMI	47.0	48.9	49	High
7:00 AM	US	Flash Services PMI	51.0	52.4	52.3	High
Day 2	All	BRICS Summit	-	-	-	Medium
7:30 PM	US	New Home Sales	714K	708K	697K	Medium
8:00 PM	US	Crude Oil Inventories	(6.1M)	(2.9M)	(6.0M)	Medium
Thursday, August 24, 2023						
Day 3	All	BRICS Summit	-	-	-	Medium
6:00 PM	US	Durable Goods Orders m/m	-5.2%	-4.1%	4.6%	Medium
6:00 PM	US	Unemployment Claims	230K	241K	239K	High
Day 1	All	Jackson Hole Symposium	-	-	-	Medium
Friday, August 25, 2023						
1:30 PM	Europe	German ifo Business Climate	-	86.8	87.3	High
7:30 PM	US	Revised UoM Consumer Sentiment	-	71.2	71.2	High
7:35 PM	US	Fed Chair Powell Speaks	-	-	-	High
Day 2	All	Jackson Hole Symposium	-	-	-	High

Source: Bloomberg, Reuters, ICICI Direct Research

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