

August 28, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	September	Buy	222-222.5	230	216	Intraday
EURINR	August	Buy	89.18-89.20	89.60	89.00	Intraday

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News and Developments

- Gold prices ended the day on a loosing side after the Federal Reserve Chair Jerome Powell left the door open to more interest rate hikes. Powel in his speech made clear that the central bank has not yet concluded its benchmark interest rate is high enough to be sure to bring back the inflation to 2% target
- The dollar index remained firm above the 104 mark after the Fed Chair's speech. The 10-year treasury yields was steady near 4.231% and the 2-year treasury yields rose to 5.0735% amid expectation of higher interest rate in the near term.
- Nymex Crude oil prices recovered its losses and climbed almost 1% to its weekly highs on Friday amid rise in US diesel prices, fall in oil rigs and supply disruption at the third largest US refinery in Louisiana. Diesel futures in US soared about 5% to its January highs, boosting the diesel crack spread, a measure of refining profit margins. However, strong dollar and weak economic numbers limited its gains
- Copper prices remained under pressure amid weak economic numbers from Europe and hawkish comments from the US Fed Chair Jerome Powel. Further strong dollar and persistent rise in inventory levels in LME registered warehouses also weighed on the metal prices
- NYMEX Natural gas futures recovered from its early losses after weekly report from Baker Hughes showed fall in active US natural gas rigs to one and half year low.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58998	-0.40%	1914.96	-0.10%
Silver	73549	-0.03%	24.23	0.43%
Copper	731.4	-0.05%	8355.50	-0.05%
Aluminium	198.1	-0.18%	2150.50	-0.32%
Zinc	215.1	0.14%	2382.50	-0.48%
Lead	185.4	-0.54%	2161.00	-1.01%
WTI Crude Oil	6503	-0.26%	79.83	0.99%
US Nat Gas	209.3	-0.29%	2.54	0.83%

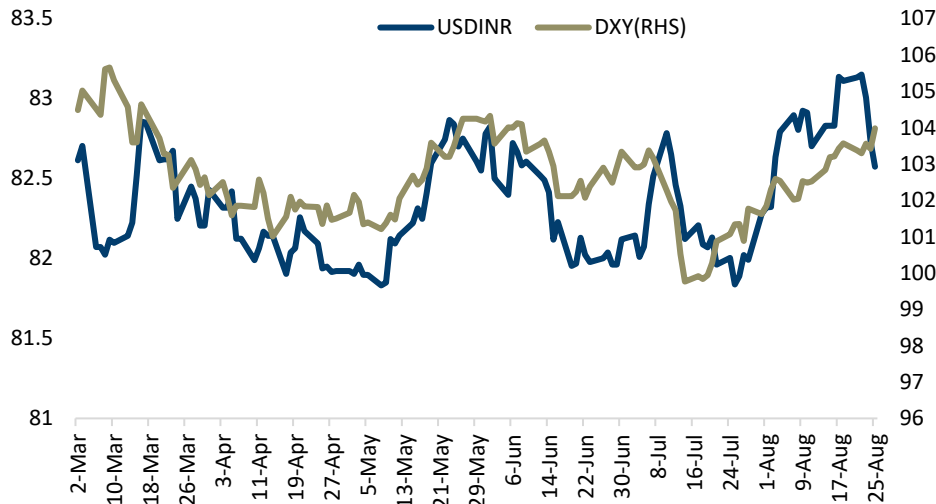
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	82.66	0.10%	2513156	-61696	1833500	-783223
EURINR (29th Aug)	89.34	-0.35%	99734	-30912	207975	60311
GBPINR (29th Aug)	104.29	-0.45%	174265	-17306	283349	27808

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	September	Sell	732.50-733	726	737	Profit booked
USDINR	August	Buy	82.50-82.52	82.75	82.35	Not Initiated

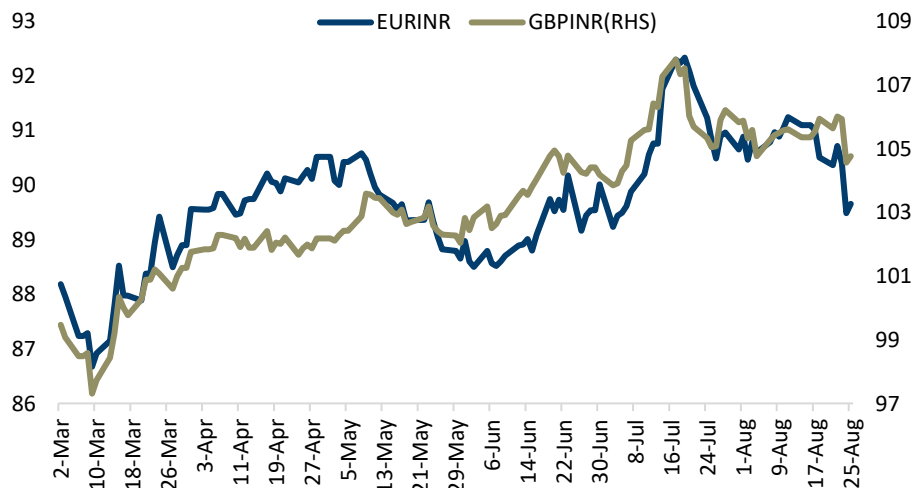
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Friday amid strong dollar and elevated US treasury yields. Further, market participants remained cautious ahead of Powell speech at Jackson hole Symposium to get the hint on rate trajectory
- Rupee is likely to appreciate today amid retreat in dollar and rise in risk appetite in the global markets. Dollar is easing from its 12-week high as US Fed Chair Powell promised to move carefully at upcoming meetings as he noted both progress made on easing price pressure as well as risk from surprising strength of US economy. As per CME FedWatch tool market anticipates an 80% chance of Fed standing pat next month. US\$INR is likely to face hurdle near 82.75 level and move south towards 82.45 levels

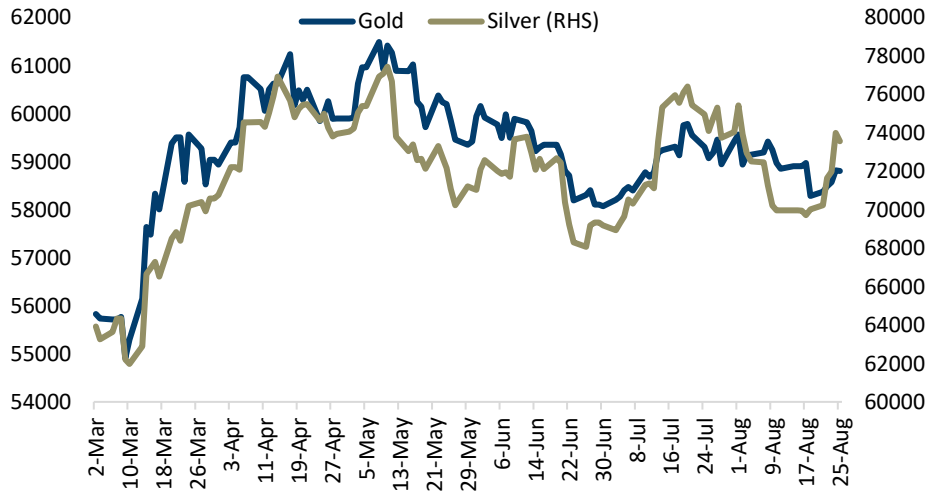
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro ended on negative note amid strong dollar and as German Ifo business climate fell more than expected to 10-month low. For today, EURUSD is likely to rise further towards 1.0840 level as long as it trades above 1.0760 level amid soft dollar and on hawkish comments from ECB President Lagarde. She said central bank will set interest rate at sufficiently restrictive levels for as long as necessary. EURINR may move north towards 89.50 level as long as it stays above 88.90 levels
- Pound is expected to hold support near 1.2540 level and strengthen towards 1.2650 level on soft dollar and hawkish comments from BOE Deputy Governor Ben Broadbent. He said interest rate in UK might have to stay elevated for some time yet. GBPINR is likely to rise towards 104.50 level as long as it trades above 103.70 levels

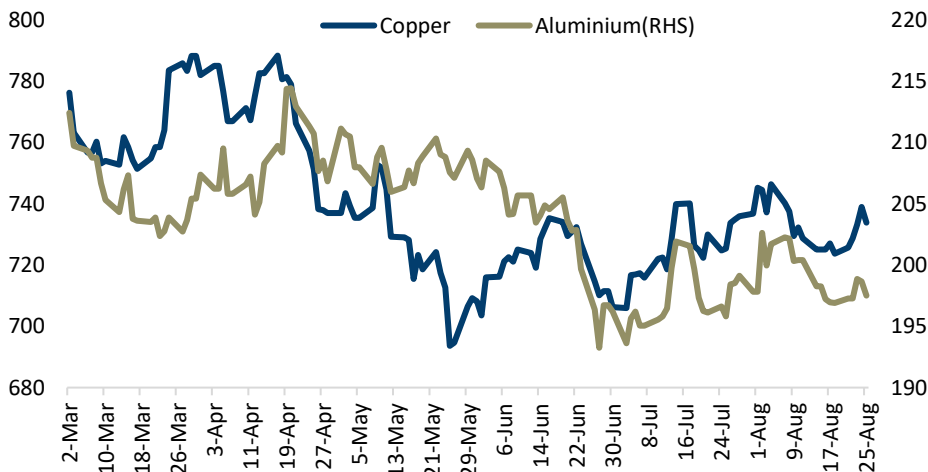
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the resistance near the higher end of the consolidation range \$1900-1926 amid higher US treasury yields. Further, rising expectation of one more rate hike in this year could hurt bullions. The CME Fed-Watch tool suggests more than 80% probability of no hike in rates in September. Meanwhile, the probability of 25 bps hike in November has increased to 48% suggesting tighter monetary policy
- MCX Gold futures is expected to face the hurdle near 58900 and move back towards 58400. 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 close above 74200 the trend would turn bullish

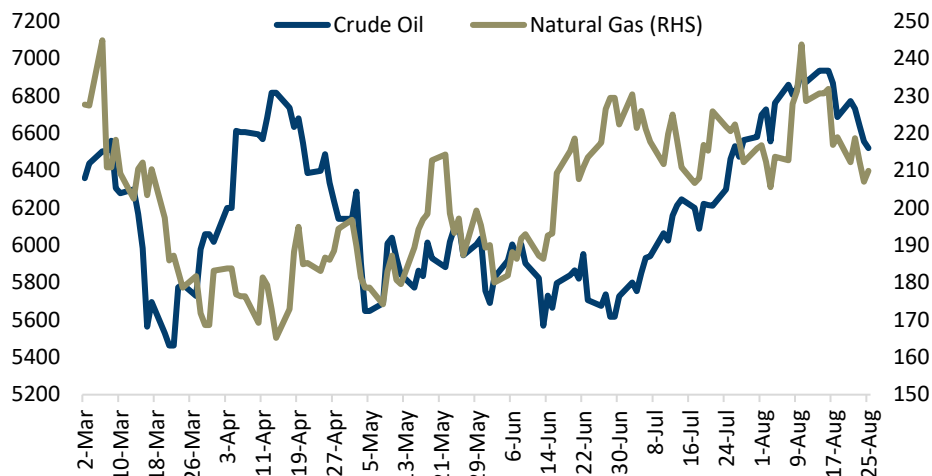
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to face the hurdle and weaken further amid sluggish growth in the Chinese housing sector. Meanwhile, recent measures from the policymakers to boost the economy could limit its downside. China in its latest measure has reduced stamp duty on stock trading from today in an attempt to boost sentiment
- MCX Copper is likely face the resistance near 737 and weaken towards 726.
- MCX aluminium is likely to weaken towards 196.50, as long as it trades under the 200 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise towards the immediate resistance at \$81 mark amid supply disruption in a major refinery in US and expectation of more measures from China to support its economy. However, prospects of increase in supply from Iran and Venezuela could restrict its upside. For the day, Nymex crude oil is expected to face the hurdle near \$81 and weaken further towards \$79 mark.
- MCX Crude oil is likely to face the hurdle near 6680 and weaken further towards 6500. Only close above 6680, the trend would turn bullish
- MCX Natural gas September future is expected to rise towards 230 as long as it holds above 216

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58647	58823	59057	59233	59467
Silver	72465	73007	73516	74058	74567
Copper	725.3	728.3	732.7	735.7	740.1
Aluminium	196.7	197.4	198.6	199.3	200.4
Zinc	212.9	214.0	215.2	216.3	217.5
Lead	184.4	184.9	185.7	186.2	187.1
Crude Oil	6355	6429	6542	6616	6729
Nat Gas	202	205	208	212	214

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	82.54	82.60	82.66	82.72	82.79
US\$INR (Sep)	82.63	82.68	82.75	82.80	82.87
EURINR (Aug)	88.92	89.13	89.25	89.46	89.58
EURINR (Sep)	89.09	89.32	89.54	89.77	89.98
GBPINR (Aug)	103.68	103.98	104.16	104.46	104.64
GBPINR (Sep)	103.77	104.08	104.26	104.58	104.76
JPYINR (Aug)	56.51	56.60	56.67	56.77	56.84
JPYINR (Sep)	56.88	56.97	57.04	57.13	57.20

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DX	104.08	103.98	0.09%
US\$INR	82.66	82.58	0.09%
EURUSD	1.0796	1.0810	-0.13%
EURINR	89.19	89.58	-0.44%
GBPUSD	1.2578	1.2602	-0.19%
GBPINR	104.02	104.64	-0.59%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.204	7.197	0.007
US	4.235	4.237	-0.0018
Germany	2.561	2.513	0.048
UK	4.441	4.426	0.015
Japan	0.661	0.656	0.005

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	97525	900	0.93%
Aluminium	526175	-1375	-0.26%
Zinc	149350	-450	-0.30%
Lead	54575	-75	-0.14%
Nickel	36936	-72	-0.19%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, August 28, 2023						
5:30 PM	Europe	German Buba President Nagel Speaks	-	-	-	Medium
Tuesday, August 29, 2023						
6:30 PM	US	S&P/CS Composite-20 HPI y/y	-	-1.5%	-1.7%	High
7:30 PM	US	CB Consumer Confidence	-	116.20	117.00	High
7:30 PM	US	JOLTS Job Openings	-	9.70M	9.58M	High
Wednesday, August 30, 2023						
5:45 PM	US	ADP Non-Farm Employment Change	-	201K	324K	High
6:00 PM	US	Prelim GDP q/q	-	2.40%	2.40%	High
7:30 PM	US	Pending Home Sales m/m	-	-0.80%	0.30%	Medium
8:00 PM	US	Crude Oil Inventories	-	-	(6.1M)	Medium
Thursday, August 31, 2023						
7:00 AM	China	Manufacturing PMI	-	49.1	49.3	High
7:00 AM	China	Non-Manufacturing PMI	-	51.1	51.5	Medium
2:30 PM	Europe	CPI Flash Estimate y/y	-	5.10%	5.30%	Medium
5:30 PM	India	GDP YoY	-	7.80%	6.10%	Medium
6:00 PM	US	Core PCE Price Index m/m	-	0.20%	0.20%	High
6:00 PM	US	Unemployment Claims	-	236K	230K	High
Friday, September 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	-	49.2	49.2	Medium
6:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.40%	High
6:00 PM	US	Non-Farm Employment Change	-	169K	187K	High
6:00 PM	US	Unemployment Rate	-	3.50%	3.50%	High
7:30 PM	US	ISM Manufacturing PMI	-	46.90	46.40	High

Source: Bloomberg, Reuters, ICICI Direct Research



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