

August 30, 2023

Daily Currency & Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Buy	736-737	744	733	Intraday
USDINR	September	Sell	82.83-82.85	82.55	83.00	Intraday

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News and Developments

- Gold prices rallied to its 3-week high on Tuesday as weaker than expected US economic numbers weighed on the dollar and treasury yields
- Silver futures rallied more than 1% following the rise in yellow metal. The 2 year US treasury yields lost more than 15 bps after US JOLTS job opening numbers dipped to its lowest level since June 2021 at 8.8 million. Further, weaker than expected US consumer confidence also weighed on the dollar to slide towards 103.50.
- The U.S. consumer confidence index dipped to 106.1 in August from a revised 114 in the prior month
- Nymex Crude oil prices gained more than 1% on Tuesday amid weakness in the dollar and decline in API inventory levels by 11.5 million barrels last week. Meanwhile, Hurricane Idalia was forecast to reach category 3. The storm is likely to impact the fuel distribution and consumption pattern ahead of the Labor day holiday on September 04.
- Copper prices edged higher on Tuesday, after China's latest measures to support housing market. In a latest measure the central bank of China announced guidance on relaxing residential housing loan rules in an effort to boost loan applications and house purchases. Further, drop in the US dollar index also supported the red metal to rise
- NYMEX Natural gas futures declined yesterday, amid mixed weather forecast in US. The western region is likely to remain cooler than expected, which could curb the natural gas demand from electricity providers.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59691	0.64%	1937.54	0.90%
Silver	74685	1.46%	24.72	2.04%
Copper	737.1	0.61%	8448.50	1.11%
Aluminium	199.0	0.15%	2168.50	0.84%
Zinc	217.6	0.88%	2440.00	2.41%
Lead	186.5	0.65%	2191.50	1.41%
WTI Crude Oil	6704	1.30%	81.16	1.32%
US Nat Gas	219.1	3.74%	2.56	-0.89%

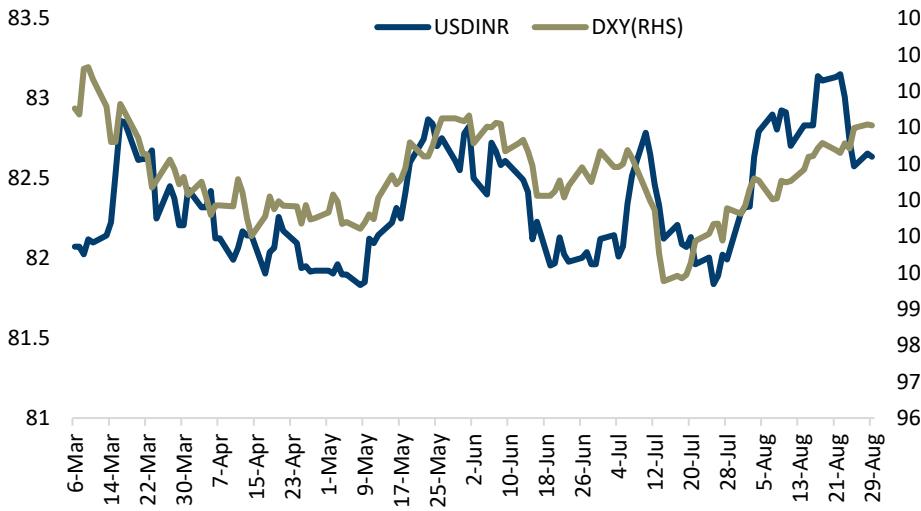
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	82.65	0.02%	1732423	-199633	1166185	-800470
EURINR (29th Aug)	89.38	0.06%	59670	-25098	59928	-51010
GBPINR (29th Aug)	104.30	0.31%	77420	-62038	127151	-87531

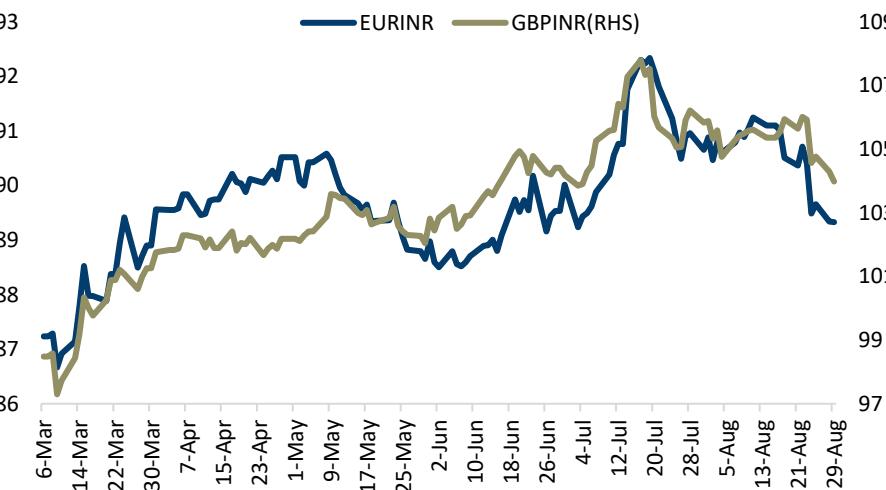
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	October	Buy	58750-58800	59100	58600	Not Initiated
GBPINR	September	Buy	104.20-104.22	104.60	104.00	Not Initiated

Dollar Index vs. US\$INR



EURINR vs. GBPINR



Source: Bloomberg, Reuters, ICICI Direct Research

Rupee Outlook

- Rupee depreciated yesterday amid rise in crude oil prices and dollar buying by importers. Further, rebound in dollar and foreign fund outflows from equity markets weighed on rupee
- Rupee is likely to appreciate today amid weakness in dollar, optimistic global market sentiments and sharp decline in US treasury yields. Yields are tumbling as data from US showed job openings fell to the lowest level since March 2021 and consumer confidence fell more than expected in August. Reports have boosted hopes that Fed will hold interest rates steady at next month's policy meeting. US\$INR is likely to face hurdle near 82.70 level and move south towards 82.45 level

Euro and Pound Outlook

- Euro ended on positive note amid weak dollar and rise in risk appetite in the global markets. However, further upside was capped as German confidence fell to 4-month low. For today, EURUSD is likely to rise further towards 1.0920 level as long as it trades above 1.0840 level amid weakness in dollar and optimistic global market sentiments. Meanwhile, investors will remain cautious ahead of CPI data from Germany and Spain, as it would help to determine the outlook for interest rate. EURINR may move north towards 90.20 level as long as it stays above 89.45 levels
- Pound is expected to hold support near 1.2590 level and strengthen towards 1.2680 level on soft dollar and improved global market sentiments. Further, traders await comments from BOE Chief Economist Huw Pill later this week for more clues on rate trajectory. GBPINR is likely to rise towards 104.80 level as long as it trades above 104.00 level

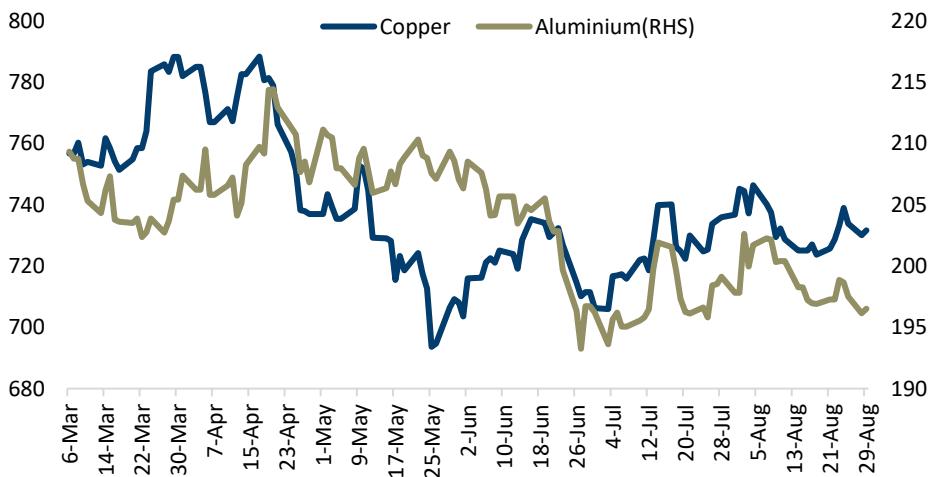
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise towards the \$1947 amid weakness in the US dollar index and the treasury yields. The weaker set of economic numbers has raised the bets that the Federal reserve will take a pause in its rate hike cycle. Further, expectation of weaker economic numbers and decline in US ADP Non-Farm employment numbers could force the central bank to remain less hawkish than anticipated. The CME Fed-Watch tool suggests more than 88% probability of no hike in rates in September.
- MCX Gold futures is expected to rise towards 59600, as long as it holds above the 50 day EMA at 59050.
- MCX Silver December is expected to rise 77200, as long as it holds above 75000 .

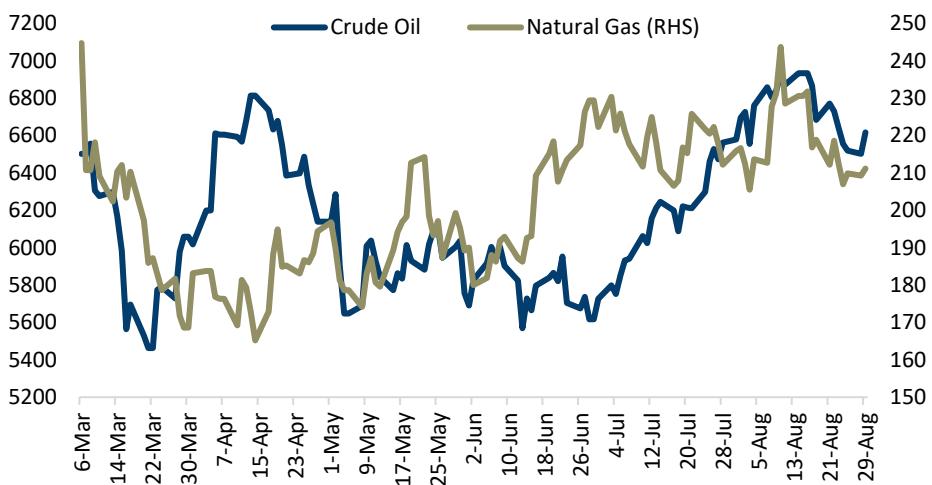
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to find support near 733 and rise back towards 744 amid softer dollar and hopes of additional support from the top metal consumer China to support the housing sector. The country's largest banks are preparing to cut the rates. Further, improved risk sentiments across the globe would also help the metal to regain its momentum
- MCX Copper is trading above the 200 day EMA at 733, which could help the metal to hold its gains and push it towards 744-748 zone.
- MCX aluminium is hovering near the higher end of the consolidation range of 197-200. A move above 200 would bring fresh buying interest in the metal and push the price towards 202.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to extend its gains towards \$82.50 mark amid weakness in dollar and forecast of drawdown in weekly EIA inventory. Further, improved risk sentiments in global markets amid increasing bets of less hawkish than anticipated stance from Fed could support the oil price to trade above the \$80 mark. Further, threat of hurricane Idalia which is heading towards Florida's Gulf coast could disrupt the output in the near term
- MCX Crude oil is likely find support near 6600 and rise towards 6800. Only close above 6800, it would open the doors towards 6880
- MCX Natural gas September future is expected to weaken towards 215, as long as it trades below the 225 mark.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59083	59387	59559	59863	60035
Silver	72920	73803	74301	75184	75682
Copper	731.4	734.3	735.9	738.7	740.3
Aluminium	197.4	198.2	199.0	199.8	200.7
Zinc	215.3	216.5	217.2	218.4	219.1
Lead	183.8	185.1	185.8	187.2	187.9
Crude Oil	6522	6613	6661	6752	6800
Nat Gas	214	217	220	223	227

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	82.46	82.56	82.65	82.75	82.84
US\$INR (Sep)	82.38	82.61	82.81	83.04	83.24
EURINR (Aug)	89.23	89.31	89.42	89.50	89.62
EURINR (Sep)	89.42	89.53	89.64	89.75	89.86
GBPINR (Aug)	103.83	104.06	104.22	104.46	104.61
GBPINR (Sep)	104.09	104.19	104.37	104.47	104.65
JPYINR (Aug)	56.34	56.40	56.44	56.50	56.53
JPYINR (Sep)	56.53	56.63	56.76	56.86	56.98

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.53	104.06	-0.51%
US\$INR	82.70	82.63	0.09%
EURUSD	1.0880	1.0819	0.56%
EURINR	89.43	89.30	0.14%
GBPUSD	1.2644	1.2602	0.33%
GBPINR	104.34	103.92	0.40%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.186	7.180	0.006
US	4.120	4.202	-0.0823
Germany	2.510	2.564	-0.054
UK	4.422	4.441	-0.019
Japan	0.653	0.664	-0.011

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	97650	125	0.13%
Aluminium	524025	-2150	-0.41%
Zinc	149025	-325	-0.22%
Lead	54875	300	0.55%
Nickel	36936	0	0.00%

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	-1.2%	-1.5%	-1.7%	High
7:30 PM	US	CB Consumer Confidence	106.10	116.20	117.00	High
7:30 PM	US	JOLTS Job Openings	8.83M	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



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