September 5, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Sell	737-737.50	732	740	Intraday
USDINR	September	Sell	82.84-82.85	82.65	82.95	Intraday

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Daily Snapshot

News and Developments

- Spot Gold prices held steady in a thin holiday trade yesterday amid slight retreat in US dollar.
- Dollar fell as Job data boosted bets that Fed could be at the end of its rate hike cycle and as risk sentiment improved on hopes China's policy stimulus might stabilize the economy
- On Friday US job report showed that unemployment rate jumped to 3.8% and wage gains moderated
- Crude oil prices ended on the positive note on expectations that OPEC+ would keep supplies tight. Additionally, soft economic data from US cemented expectations that Federal Reserve will keep rates on hold from next meeting.
- Saudi Arabia is widely expected to extend its voluntary 1mbpd cut for 4th consecutive month into October. Russian Deputy Prime Minister Alexander Novak, said that Moscow had agreed with OPEC+ partners on the parameters for continued export cuts in October
- Copper prices slipped yesterday as the market hassled over demand in China and rising inventories at LME registered warehouses. Volumes were subdued because of labor day holiday in United states.
- Copper stocks at LME registered warehouses are nearly double levels in the middle of July, having reached 107,425 tons for their highest since October last year

Price Performance

Commodity	LTP (₹)	Change	LTP ($)	Change
Gold	59787	-0.09%	1942.69	0.14%
Silver	74521	-0.76%	23.99	-0.81%
Copper	737.9	-0.45%	8452.00	-0.57%
Aluminium	202.9	-0.88%	2212.50	-1.10%
Zinc	221.6	-0.16%	2479.50	-0.24%
Lead	188.6	-1.13%	2223.00	-1.13%
WTI Crude Oil	7109	0.64%	85.55	2.30%
US Nat Gas	220.7	-3.96%	2.77	-0.11%

Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	82.77	-0.01%	2405124	-43500	1216403	-1042675
EURINR (26th Sep)	89.54	-0.38%	108438	6613	135251	-13981
GBPINR (26th Sep)	104.56	-0.35%	195205	-18779	171917	19206

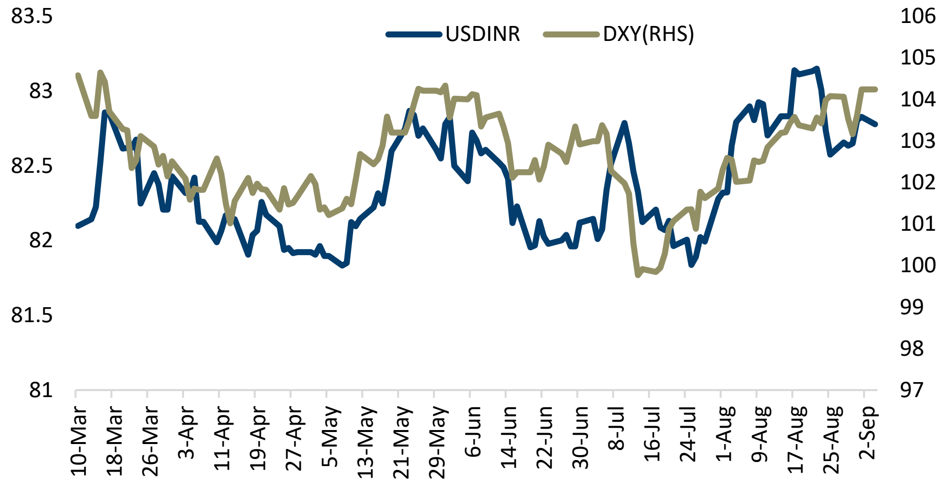
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	September	Sell	232-233	222	237	Not Initaited
GBPINR	September	Sell	104.5-104.52	104.15	104.70	Exit At cost

Source: Bloomberg, Reuters, ICICI Direct Research

Currency Outlook

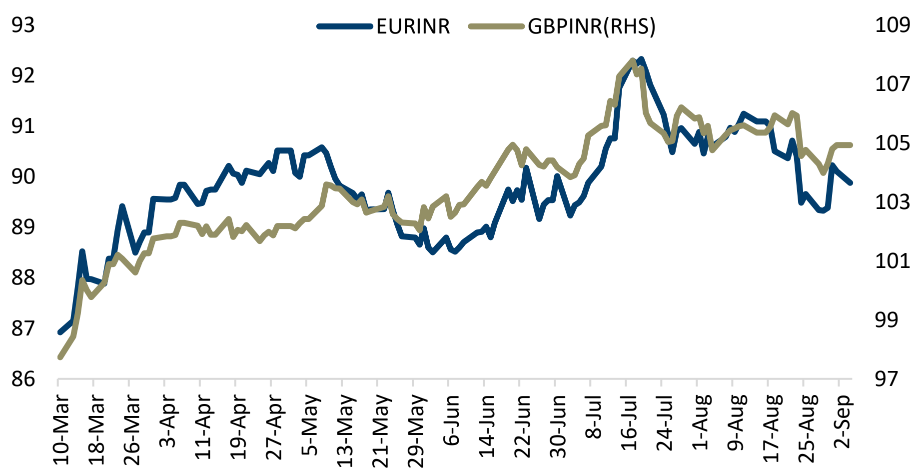
Dollar Index vs. US$INR



Rupee Outlook

- Rupee edged lower on Monday amid higher crude oil pries. The pair moved in a narrow range during the day as the dollar demand remain subdued due to the Labour day holiday in US.
- The rupee is expected to appreciate today amid improving risk appetite in global equities. Increasing hopes of China's stimulus and Fed pause in its interest rate hike cycle could limit the upside in the dollar. Further, expectation of weaker economic numbers from US could also weigh on the dollar. USDINR is expected to dip towards 82.55, as long as it trade under 82.90 level. Only a move below 82.55, it would weaken further towards 82.40.

EURINR vs. GBPINR



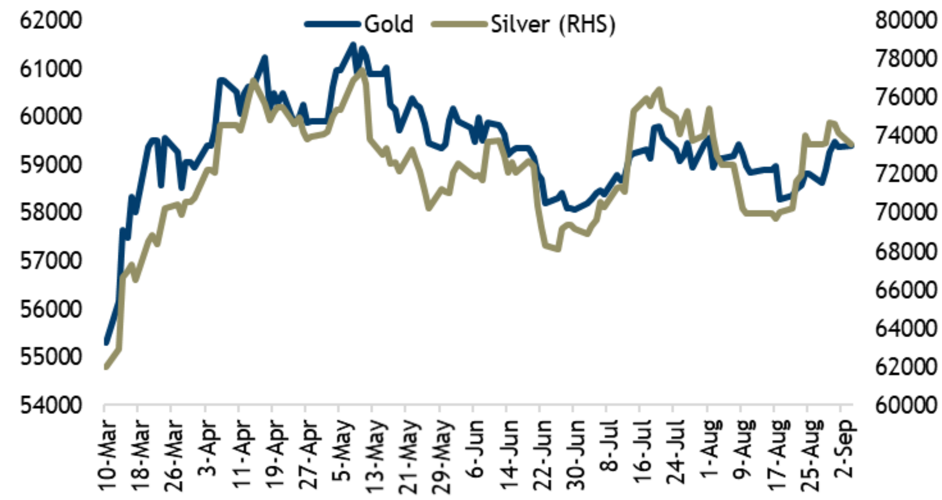
Source: Bloomberg, Reuters, ICICI Direct Research

Euro and Pound Outlook

- Euro remained in a range as the ECB President avoided providing any indication of whether the central bank will raise or hold interest rates it the next meeting. Meanwhile, the probability of a quarter point hike has decreased below the 50% mark against previous reading of 60% as the core inflation in euro area slowed. The pair is expected to remain in the range of 1.0760-1.0830 ahead of service PMI data from Euro zone. EURINR is likely to find support near 89.20 and move back towards 89.75.
- The pound has been consolidating near the 1.26 zone as it failed to move beyond 1.2750. The pair could find support near 1.2560 and move higher towards 1.2700 amid improved risk sentiments and softness in the dollar. GBPINR is expected to hold support near 104 and rise towards 104.80.

Metal’s Outlook

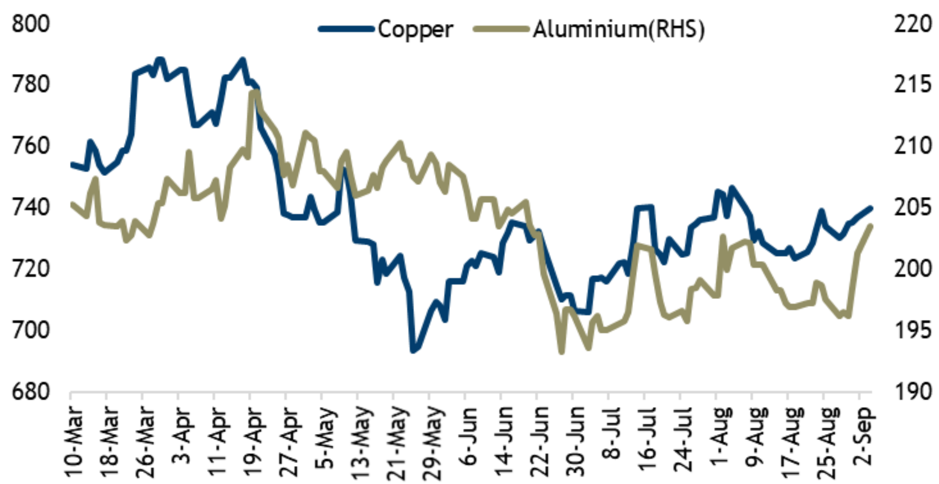
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near $1930 and rise back towards $1945 level amid expectation of correction in dollar and US treasury yields across curve. Fresh batch of economic data from US fuelled the expectation that US Fed is done with its fastest interest rate hiking cycle since 1980’s. As per CME FedWatch tool investors now see a 93% chance of Fed holding its rate steady. Moreover, expectation of weak factory orders data from US will be supportive for the prices
- MCX Gold prices is likely to move further north towards 59,600 level as long as it trades above the support level of 59,200 levels
- MCX Silver is expected to rise further till 75,000 level as long as it sustains above 74,200 level

MCX Copper vs. Aluminium



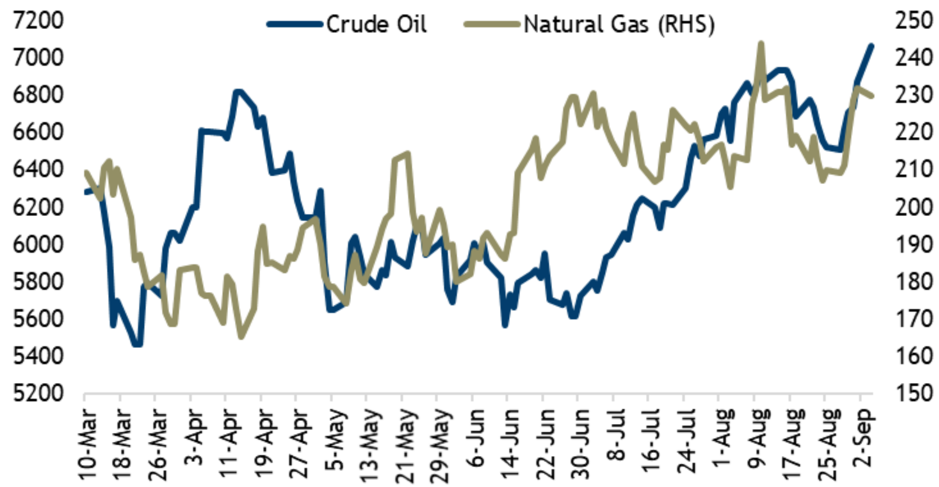
Source: Bloomberg, Reuters, ICICI Direct Research

Base Metal Outlook

- Copper prices are expected to trade with negative bias on rising inventories at LME registered warehouses and on fears that slowdown in Chinese housing market will be headwind for industrial metals. Additionally, expectation of disappointing economic from US will weigh on copper prices. Meanwhile, further downside may be cushioned on soft dollar
- MCX Copper may slip further towards 730 levels as long as it trades below 740 levels
- MCX aluminium is expected to move south towards 200.20 level, as long as it trades below 201.80 level

Energy Outlook

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to ease towards $84.30 as long as it trades below $86.20 level as support from Beijing measures to revive economy wiped out, offsetting expectations of an extension in supply cuts by Saudi Arabia and Russia. Recent measures from China to revive economy is priced in by markets. Meanwhile, cooling economic activity in US ramped up hopes that Fed may hit a pause button from next meeting
- MCX Crude oil is likely to face hurdle near 7150 level and slip towards 6950 levels
- MCX Natural gas is expected to move downwards towards 215 level as long as it stays below 225 level.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59585	59686	59854	59955	60123
Silver	73876	74199	74739	75062	75602
Copper	729.3	733.6	739.5	743.8	749.8
Aluminium	200.9	201.9	203.0	204.0	205.1
Zinc	220.1	220.8	221.6	222.3	223.1
Lead	187.7	188.1	188.8	189.2	189.8
Crude Oil	7024	7067	7093	7136	7162
Nat Gas	215	218	223	226	231

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Sep)	82.66	82.72	82.79	82.84	82.91
US$INR (Oct)	82.67	82.77	82.86	82.96	83.05
EURINR (Sep)	89.28	89.41	89.48	89.61	89.69
EURINR (Oct)	89.48	89.61	89.67	89.80	89.87
GBPINR (Sep)	104.13	104.34	104.49	104.70	104.84
GBPINR (Oct)	104.23	104.44	104.58	104.79	104.93
JPYINR (Sep)	56.58	56.70	56.91	57.03	57.23
JPYINR (Oct)	57.05	57.12	57.24	57.32	57.43

Source: Bloomberg, Reuters, ICICI Direct Research

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.24	104.24	0.00%
US$INR	82.75	82.72	0.04%
EURUSD	1.0796	1.0780	0.15%
EURINR	89.32	89.75	-0.48%
GBPUSD	1.2625	1.2590	0.28%
GBPINR	104.51	104.87	-0.34%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.205	7.167	0.038
US	4.179	4.179	0
Germany	2.579	2.549	0.03
UK	4.463	4.428	0.035
Japan	0.644	0.633	0.011

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
8/30/2023	8:00 PM	-10.6M	-2.2M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	107425	3150	3.02%
Aluminium	506400	-2000	-0.39%
Zinc	153575	0	0.00%
Lead	55350	500	0.91%
Nickel	37170	0	0.00%

Source: Bloomberg, Reuters, ICICI Direct Research

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 04, 2023						
2:00 PM	Europe	Sentix Investor Confidence	-21.50	-19.60	-18.90	Medium
Tuesday, September 05, 2023						
7:15 AM	China	Caixin Services PMI	51.80	53.60	54.10	Medium
2:30 PM	Europe	PPI m/m		-0.5%	-0.4%	Medium
7:30 PM	US	Factory Orders m/m		-2.5%	2.3%	Medium
Wednesday, September 06, 2023						
11:30 AM	US	German Factory Orders m/m		-4.30%	7.00%	Medium
2:00 PM	UK	Construction PMI		49.8	51.7	Medium
7:30 PM	US	ISM Services PMI		52.50	52.7	High
Thursday, September 07, 2023						
11:30 AM	Europe	German Industrial Production m/m		-0.4%	-1.5%	High
6:00 PM	US	Unemployment Claims		235K	228K	Medium
8:30 PM	US	Crude Oil Inventories			(-10.6)M	Medium
Friday, September 08, 2023						
11:30 AM	Europe	German Final CPI m/m		0.30%	0.30%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research

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