

September 7, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	September	Sell	736-736.5	729	740	Intraday
GBPINR	September	Sell	104.55-104.57	104.30	104.75	Intraday

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News and Developments

- Spot Gold prices continued to decline on the back of strong dollar and surge in US treasury yields across curve. US treasury yields rallied after stronger than expected US services sector data signalled inflation pressure remains. Data added to signs that interest rates could remain elevated for longer duration.
- ISM Non-Manufacturing PMI rose to 54.5 in August, highest reading since February and up from 52.7 in July
- Yield on benchmark US 10-year treasury note rose to 4.298% and 2-year treasury yield, which typically moves in step with interest rate expectations rose to 5.029%
- Meanwhile, Beige book showed economic growth in US was modest in recent weeks while job growth was subdued and inflation slowed in most parts of the country
- Dollar rose to 6-month high as bets for higher for longer US interest rates and concerns over global economic growth drove demand for safe haven currency
- Crude oil price ended on positive note amid decline in US crude oil inventories following extended production cuts in Saudi Arabia and Russia. According to American Petroleum Institute figures US crude stockpiles possibly fell by 5.5 million barrels in the week ending 1st September
- Copper prices edged lower yesterday amid strong dollar and concerns over weak global economic growth. Additionally, German industrial orders fell more than expected in July, sliding by 11.7%

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59471	-0.30%	1916.56	-0.50%
Silver	72472	-1.32%	23.17	-1.59%
Copper	735.4	-0.80%	8371.50	-1.36%
Aluminium	203.0	0.42%	2193.50	0.02%
Zinc	222.0	0.09%	2463.00	-0.38%
Lead	188.9	-0.05%	2225.50	-0.36%
WTI Crude Oil	7305	1.21%	87.54	0.98%
US Nat Gas	211.4	-2.22%	2.51	-2.79%

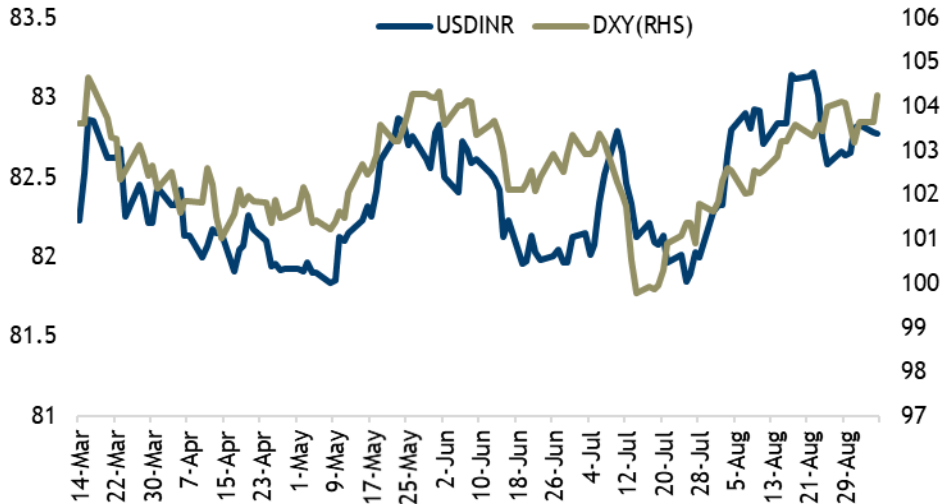
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.19	0.08%	3260596	338643	2535423	-1228739
EURINR (26th Sep)	89.49	0.17%	112019	-206	115516	-15676
GBPINR (26th Sep)	104.43	0.12%	190430	3663	178634	-63979

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	October	Sell	59300-59320	58900	59550	Profit Booked
EURINR	September	Sell	89.40-89.42	89.10	89.60	Exit in Loss

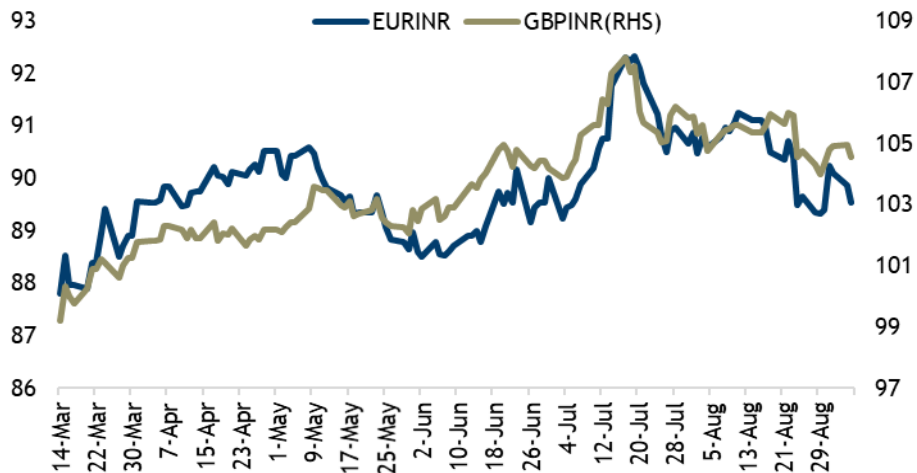
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated for the third day in a row on Wednesday on concerns that higher oil prices may fan inflation in the oil-importing nation. The elevated US treasury yields also pressured the domestic currency.
- The pair is expected to hold the support near 83.00 and move higher towards 83.30 amid strong dollar and rising US rising treasury yield. The expectation of better economic numbers from US would support the Fed to keep the rates at higher level for longer period. Meanwhile, investors will eye on Fed members speech to get more clarity on the future rate path. USDINR is expected to move in towards 83.30, as long as it holds above the 83.00 mark. Only close below 83.00 it would slide towards 82.80.

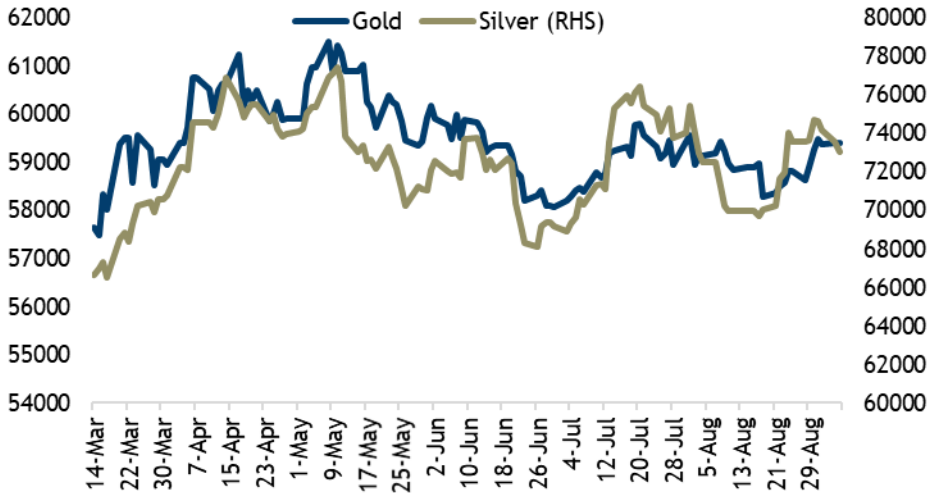
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro bounced back from its lowest level since June 08th 2023 amid hawkish comments from the ECB member Kazimir. Earlier the pair hit the 1.07 mark amidst weaker set of economic numbers from Euro zone. The pair is expected to remain under pressure amid expectation of weak economic numbers and strong dollar. EURUSD could hit the key support at 1.07, as long as it trades under 1.0760. EURINR is likely to weaken towards 89.00, as long as the pair trades below 89.60 mark
- The pound hit the 1.25 mark on Wednesday amid strong dollar and increasing risk-off sentiments. The pair is likely to weaken towards 1.2450 as long as it trades under 1.2560. The forecast of weaker economic numbers from the region could weaken the pair. GBPINR is expected to dip towards 104.00, as long as it trades under 104.70.

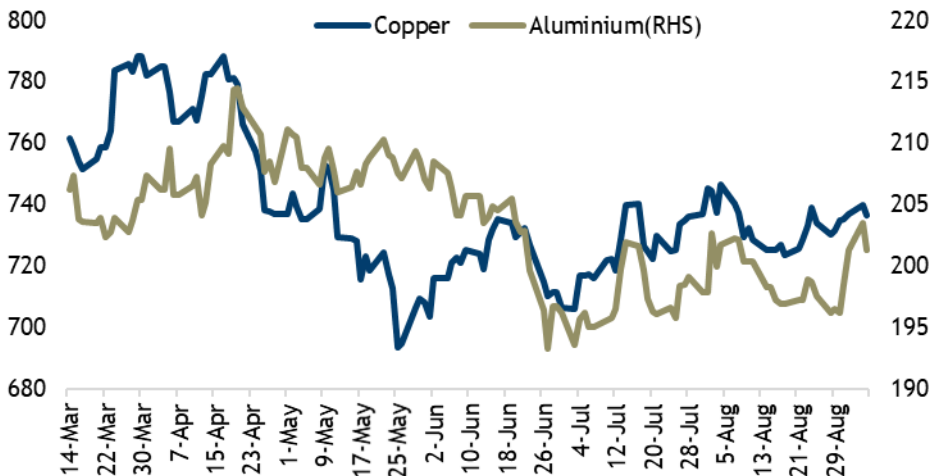
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to slip towards \$1900 levels as long as it sustains below \$1925 levels amid firm dollar and elevated US treasury yields. Yields are rising as fresh economic data from US showed signs of resilience bolstering expectations that Fed may keep rates higher for longer duration. Meanwhile, investors will remain cautious ahead of US Fed policymakers comments and initial jobless claims data to get cues on interest rate outlook
- MCX Gold prices is likely to move further south towards 58,800 level as long as it trades below the resistance level of 59,300 levels
- MCX Silver is expected to slip further till 71,500 level as long as it sustains below 73,000 level

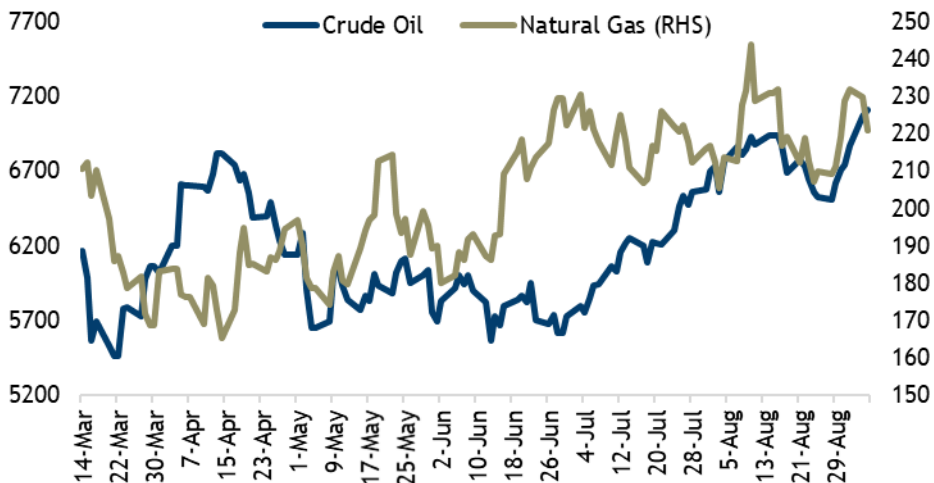
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid firm dollar, mounting copper inventories at LME registered warehouses and pessimistic global market sentiments. Further, expectation of weak economic data from Germany and China will hurt industrial metal. Meanwhile, sharp fall may be cushioned on hopes for more stimulus from China to revive its economic growth and support ailing property sector
- MCX Copper may slip further towards 728 levels as long as it trades below 740 levels
- MCX aluminium is expected to move south towards 200.00 level, as long as it trades below 202.40 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise towards \$88.50 as long as it trades above \$86.50 level as industry data showed US crude stockpiles possibly have declined last week signaling tightening supplies when there is already fears over supply shortages after Saudi Arabia and Russia extended their voluntary output cut through December. Further, forecast of drawdown in weekly EIA inventory will be supportive for oil prices
- MCX Crude oil is likely to rise towards 7400 level as long as its sustains above 7150 levels
- MCX Natural gas is expected to move downwards towards 205 level as long as it stays below 218 level amid forecast for cooler than normal US temperatures

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59256	59363	59527	59634	59798
Silver	71196	71834	72738	73376	74280
Copper	729.8	732.6	737.2	740.0	744.6
Aluminium	201.2	202.1	203.1	204.0	204.9
Zinc	220.0	221.0	221.7	222.7	223.4
Lead	188.4	188.7	188.9	189.2	189.4
Crude Oil	7085	7195	7255	7365	7425
Nat Gas	204	208	213	217	222

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	82.77	82.98	83.11	83.32	83.45
US\$INR (Oct)	81.54	82.41	82.88	83.75	84.22
EURINR (Sep)	89.07	89.28	89.39	89.60	89.72
EURINR (Oct)	89.36	89.52	89.61	89.78	89.87
GBPINR (Sep)	104.20	104.31	104.49	104.60	104.77
GBPINR (Oct)	104.31	104.42	104.59	104.70	104.86
JPYINR (Sep)	56.24	56.46	56.62	56.85	57.01
JPYINR (Oct)	56.79	56.93	57.04	57.18	57.30

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.86	104.81	0.05%
US\$INR	83.14	83.04	0.12%
EURUSD	1.0727	1.0722	0.05%
EURINR	89.22	89.24	-0.03%
GBPUSD	1.2507	1.2564	-0.45%
GBPINR	104.37	104.23	0.13%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.209	7.207	0.002
US	4.280	4.260	0.0199
Germany	2.653	2.612	0.041
UK	4.533	4.525	0.008
Japan	0.660	0.658	0.002

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	110400	3000	2.79%
Aluminium	502400	-4475	-0.88%
Zinc	148400	-3175	-2.09%
Lead	55650	300	0.54%
Nickel	37416	252	0.68%

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%	-0.5%	-0.4%	Medium
7:30 PM	US	Factory Orders m/m	-2.1%	-2.5%	2.3%	Medium
Wednesday, September 06, 2023						
11:30 AM	US	German Factory Orders m/m	-11.7%	-4.30%	7.00%	Medium
2:00 PM	UK	Construction PMI	50.8	49.8	51.7	Medium
7:30 PM	US	ISM Services PMI	54.50	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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