

September 8, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	September	Buy	214.5-215	225	210	Intraday
USDINR	September	Sell	83.25-83.26	83.05	83.40	Intraday

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News and Developments

- Spot Gold prices edged higher as retreat in US treasury yields across curve offered some respite from strong dollar. Meanwhile, sharp upside was capped as data showed tightness in US job market
- Number of Americans filling for jobless benefit fell 13000 to 216,000 in the week ended 2nd September from a revised 229,000 in the preceding week. Jobless claims fell unexpectedly last week to lowest level since February and marked 4th consecutive weekly decline
- Yield on benchmark US 10-year treasury note was down to 4.26% and 2-year treasury yield, which typically moves in step with interest rate expectations fell to 4.955%
- Dollar hovered near 6th month high pushing it beyond 105 mark as the data showed unexpected decline in weekly jobless claims and an upward revision to Q2 labor cost
- Crude oil price ended on negative note on signs of weaker demand in the coming months and strong dollar. Further, market participants are of view that rising oil output from Iran and Venezuela could balance out a portion on cuts from Saudi Arabia and Russia. However, sharp downside was cushioned as US crude oil stockpiles decline by 6.3 million barrel last week, falling for 4th consecutive week and down over 6% in last month
- On Fuels side, EIA reported drawdown in gasoline inventories by 2.66M barrels and build up in distillate stockpiles by 0.679M barrels. Crude oil in SPR increased to 350.3 million barrels as US continued to buy oil
- Copper prices edged lower yesterday amid strong dollar and rise in copper inventories. Further, import data from China showed signs of weakness. China bought 5% less copper in August than a year earlier

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	59414	-0.10%	1919.68	0.16%
Silver	71770	-0.97%	22.97	-0.86%
Copper	730.6	-0.65%	8321.00	-0.60%
Aluminium	202.8	-0.12%	2196.00	0.11%
Zinc	223.1	0.50%	2479.50	0.67%
Lead	188.9	0.00%	2229.50	0.18%
WTI Crude Oil	7227	-1.07%	86.87	-0.77%
US Nat Gas	215.4	1.89%	2.58	2.75%

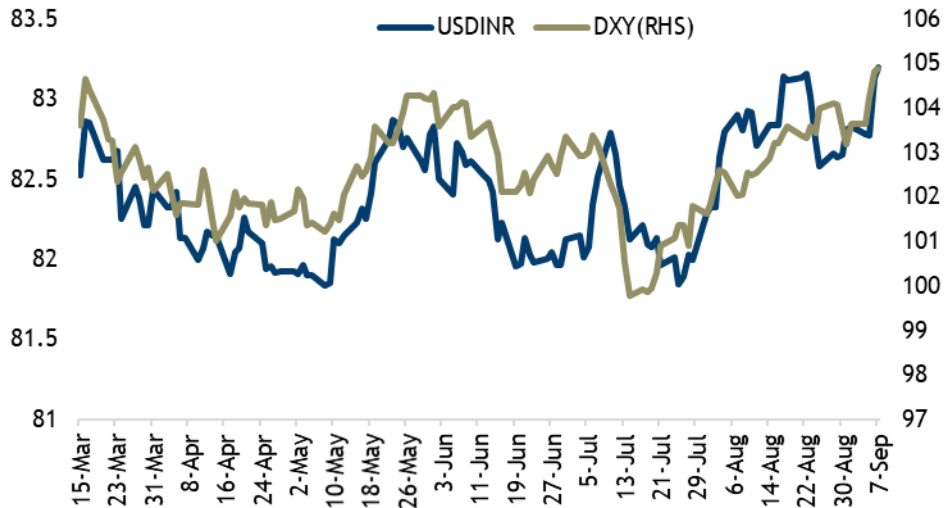
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.26	0.08%	3536357	275761	2370214	-165209
EURINR (26th Sep)	89.28	-0.23%	121367	9348	96788	-18728
GBPINR (26th Sep)	103.83	-0.58%	207202	16772	284959	106325

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	September	Sell	736-736.5	729	740	Not Initiated
GBPINR	September	Sell	104.55-104.57	104.30	104.75	Not Initiated

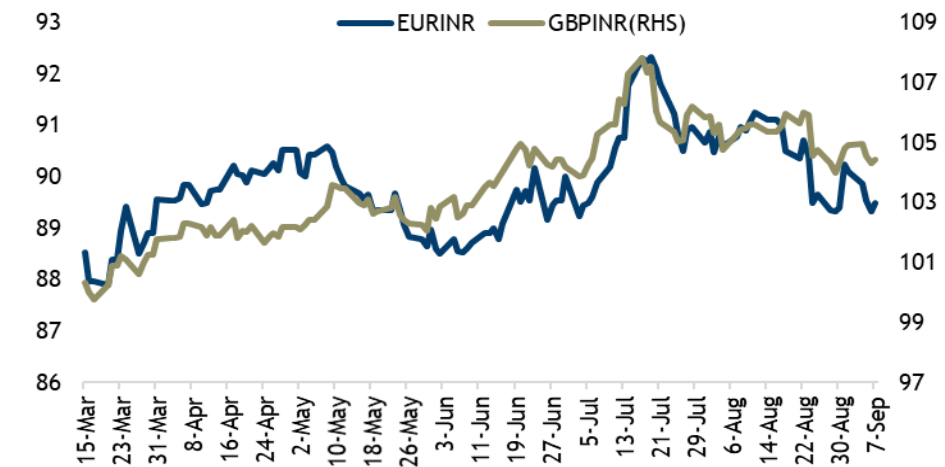
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee slid towards its lowest level of 83.20 yesterday, amid strong dollar and outflow of funds from the domestic market. The rally in oil prices also weighed on the domestic currency
- The pair is expected to face the hurdle near 83.30 and move towards 83.00 amid decline in US treasury yields and softer dollar. Meanwhile, investors will keep an eye on Fed members speech to get more clarity on the future rate path. The CME Fed Watch tool still indicates 92% probability of Fed holding rates steady in September. USDINR is expected to move inside the range of 83.00-83.30. Only close below 83.00 it would slide towards 82.80.

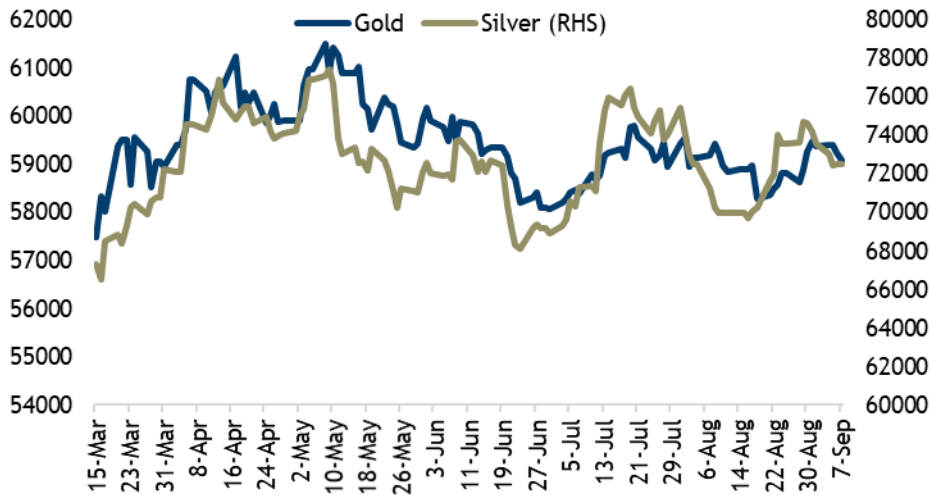
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro remained under pressure on Thursday amid weaker set of economic numbers from Euro zone. The GDP of the last quarter revised to 0.1% against 0.3%. Further weaker than expected German industrial production numbers also weighed on the pair. EURUSD could take a pause if it declines on expectation of increase in German inflation numbers. The pair is likely to rise towards 1.0750, as long as it holds above 1.0680. EURINR is likely to find the support near 89.00 and move back towards 89.60 mark
- The pound lost more than 0.25% on Thursday amid strong dollar and weak economic numbers. The pair is likely to find support near its 200 day EMA at 1.2450 and rebound towards 1.2520 amid softness in the dollar. GBPINR is expected to find support near 103.60 and move back towards 104.20. Only close below 103.60 would weaken towards 103.30.

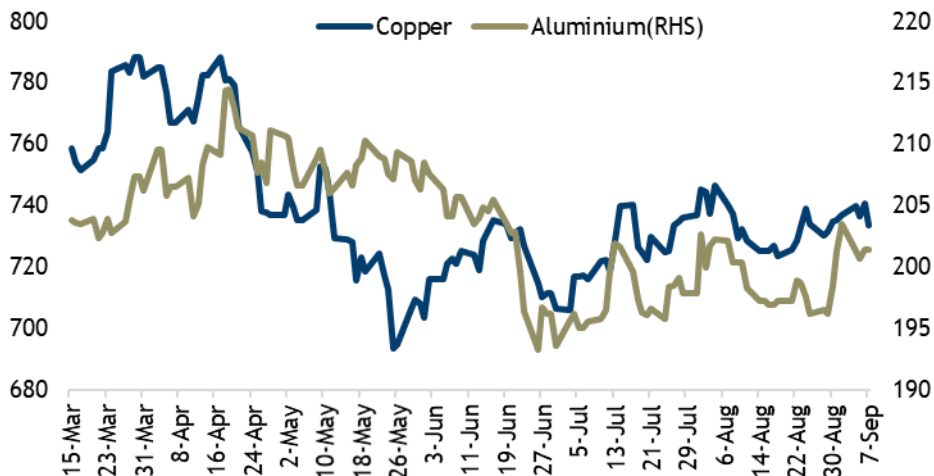
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise towards \$1935 levels as long as it sustains above \$1910 levels amid retreat in dollar and US treasury yields. Further, investors will remain vigilant ahead of US Fed policymakers comments to get cues on interest rate outlook. As per CME Fed Watch tool investors now see a 92% chance of Fed holding its rate steady in September meeting while, more than 50% chance of Fed delivering another rate hike in November
- MCX Gold prices is likely to move north towards 59,300 level as long as it trades above the support level of 58,800 levels
- MCX Silver is expected to rise back towards 72,500 level as long as it sustains above 71,500 level

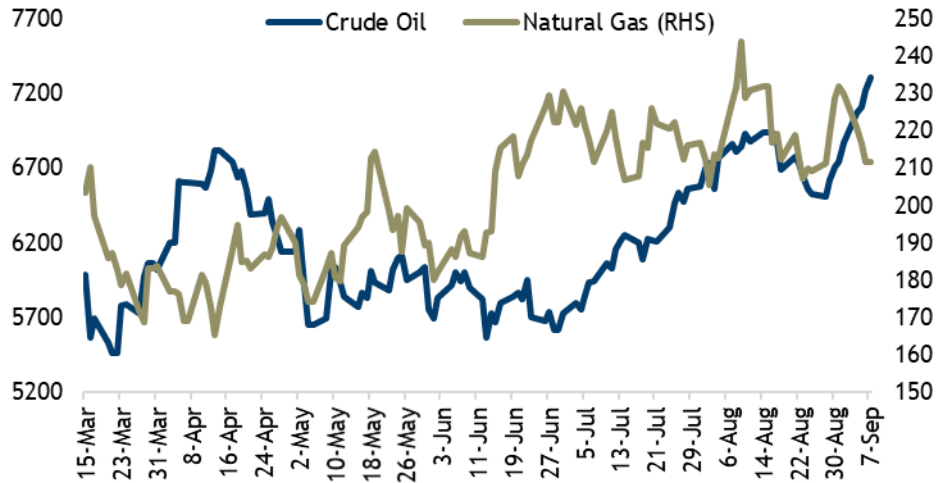
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid swelling copper inventories at LME registered warehouses and weak global market sentiments. Copper inventories have jumped 21% to 133,850 metric tons, highest level since October. Further, disappointing economic data from China and Euro Zone has fueled the concern over slowdown in global economic growth. Additionally, data showed China's copper imports declined in August, hit by faltering economy and depressed demand while boost in domestic producer output
- MCX Copper may slip further towards 723 levels as long as it trades below 730 levels
- MCX aluminium is expected to face hurdle near 201.65 level (200-Day EMA) and slip back towards 200 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip towards \$85.50 as long as it trades below \$87 level on fears that slowdown in global economic growth will dent fuel demand. However, sharp downside may be cushioned amid retreat in US dollar and on fears over tightening supplies. Additionally, bigger than expected draw in US crude oil inventories may lend support to prices
- MCX Crude oil is likely to slip back towards 7100 level as long as it sustains below 7300 levels
- MCX Natural gas is expected to move upwards towards 225 level as long as it stays above 210 level on smaller build in weekly inventories. EIA inventories rose 33bcf, below expectations of 41bcf

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59274	59344	59447	59517	59620
Silver	71097	71434	71906	72243	72715
Copper	725.0	727.8	731.3	734.1	737.5
Aluminium	201.0	201.9	202.4	203.3	203.8
Zinc	219.5	221.3	222.4	224.2	225.3
Lead	188.6	188.8	188.9	189.0	189.1
Crude Oil	7122	7175	7233	7286	7344
Nat Gas	206	210	214	219	223

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	83.09	83.17	83.23	83.32	83.37
US\$INR (Oct)	82.00	82.68	83.03	83.72	84.07
EURINR (Sep)	89.13	89.21	89.31	89.38	89.48
EURINR (Oct)	89.35	89.42	89.51	89.58	89.68
GBPINR (Sep)	103.50	103.66	103.87	104.04	104.25
GBPINR (Oct)	103.59	103.77	104.01	104.18	104.42
JPYINR (Sep)	56.51	56.62	56.69	56.79	56.86
JPYINR (Oct)	56.82	56.97	57.05	57.20	57.28

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.06	104.86	0.19%
US\$INR	83.21	83.14	0.09%
EURUSD	1.0696	1.0727	-0.29%
EURINR	89.16	89.22	-0.06%
GBPUSD	1.2472	1.2507	-0.28%
GBPINR	103.76	104.37	-0.59%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.177	7.209	-0.032
US	4.244	4.280	-0.0356
Germany	2.614	2.653	-0.039
UK	4.454	4.533	-0.079
Japan	0.657	0.660	-0.003

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
9/7/2023	8:30 PM	-6.3M	-2.06M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	133850	23450	21.24%
Aluminium	501475	-925	-0.18%
Zinc	145175	-3225	-2.17%
Lead	54275	-1375	-2.47%
Nickel	37386	-30	-0.08%

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	-0.8%	-0.4%	-1.5%	High
6:00 PM	US	Unemployment Claims	216k	235K	228K	Medium
8:30 PM	US	Crude Oil Inventories	(-6.3)M	(-2.06)M	(-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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