September 11, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	September	Sell	7255-7260	7145	7320	Intraday
USDINR	September	Sell	83.12-83.13	82.90	83.22	Intraday

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Daily Snapshot

ICICI direct Research

News and Developments

- Spot Gold prices ended with minor gain on Friday as dollar retreated from its 6-month high. Further, long term US treasury yields declined on comments from host of Federal Reserve officials. They signalled pause in central bank rate hike cycle.
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the upcoming meeting stand at 93% up from 92% a day ago
- Yield on benchmark US 10-year treasury note was down to 4.256% and 2-year treasury yield, which typically moves in step with interest rate expectations was upby 2 bps to 4.978%
- Dollar retreated from its 6th month high as comments from Fed officials were slightly dovish for Fed policy and bearish for Dollar. Additionally, market participants remained cautious ahead of more economic data from US next week to gauge Fed rate hike plans
- Crude oil price ended on positive note amid retreat in US dollar and on rising US diesel futures. Further, oil prices rose on lingering worries about tight supplies after Saudia Arabia and Russia extended supply cuts
- Copper prices edged lower amid rise in copper inventories and weak economic data from major economies including top metal consumer China. Additionally, Yuan dropped to its lowest weakest since 2007. As per Shanghai Futures Exchange copper stockpiles at registered warehouses rose 18% from week ago

Price Performance

Commodity	LTP (₹)	Change	LTP ($)	Change
Gold	59323	-0.15%	1919.08	-0.03%
Silver	71563	-0.29%	22.93	-0.18%
Copper	723.3	-1.00%	8242.50	-0.94%
Aluminium	201.7	-0.54%	2183.50	-0.57%
Zinc	219.2	-1.77%	2443.50	-1.45%
Lead	188.4	-0.29%	2227.50	-0.09%
WTI Crude Oil	7258	0.43%	87.51	0.74%
US Nat Gas	215.9	0.23%	2.61	1.01%

Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Sep)	83.07	-0.23%	3728555	192198	2740085	369871
EURINR (26th Sep)	89.01	-0.30%	136487	15120	123703	26915
GBPINR (26th Sep)	103.68	-0.14%	208389	1187	209260	-75699

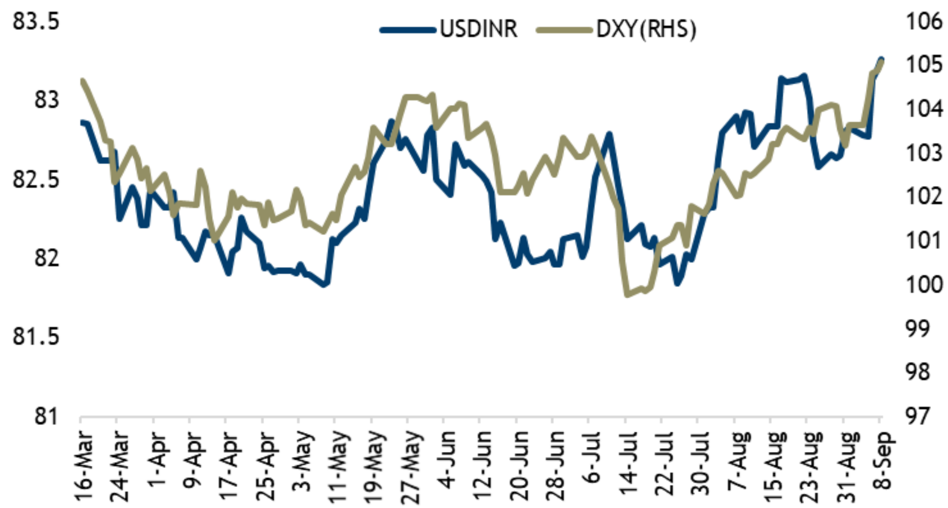
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	September	Buy	214.5-215	225	210	Not Initiated
USDINR	September	Sell	83.25-83.26	83.05	83.40	Not Initiated

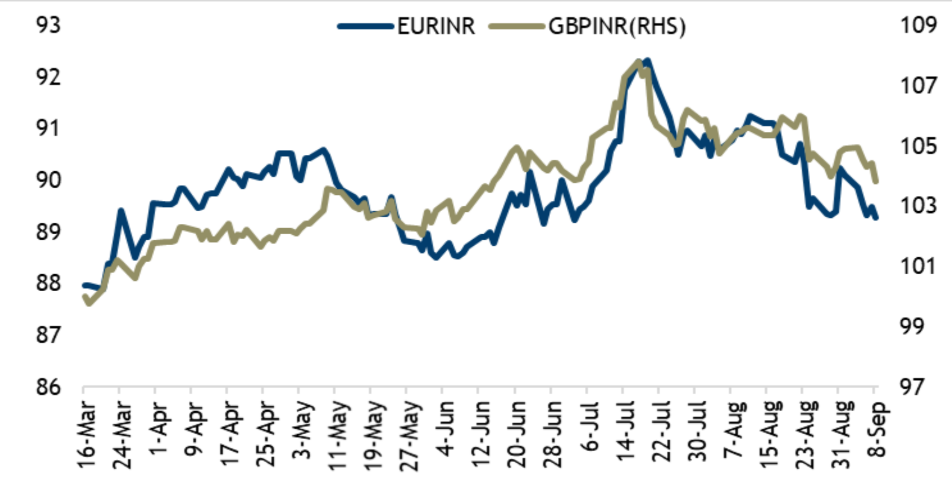
Source: Bloomberg, Reuters, ICICI Direct Research

Currency Outlook

Dollar Index vs. US$INR



EURINR vs. GBPINR



Source: Bloomberg, Reuters, ICICI Direct Research

Rupee Outlook

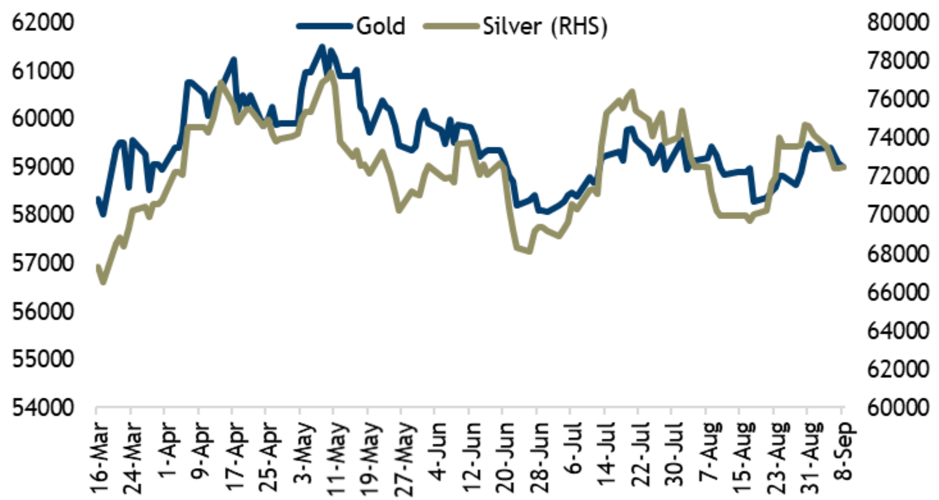
- Rupee gained on Friday amid likely support from the RBI, but higher crude oil prices and strength in the dollar index restricted it to appreciate below 82.90.
- The pair is expected to face the resistance near 83.20 and move towards 82.90 amid softness in the US dollar and decline in US rising treasury yields. Further, expectation of pause in Federal reserve interest rates in the September meeting may restrict the dollar index go beyond 105.20. Meanwhile, investors will eye on this week's key inflation numbers, which may provide more clues for future interest rate path. USDINR is expected to appreciate towards 82.80, as long as it trades below 83.20

Euro and Pound Outlook

- Euro took a pause in its decline and remained steady near the key psychological support near 1.07 after the higher German inflation numbers. EURUSD could take a pause it is decline on expectation that the central bank could increase the rates to curb the inflation. 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 88.70 and move back towards 89.30 mark
- The pound edged lower amid drop in the 10 year bond yields. 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 103.30 and move back towards 104. Only close above 104, it would rise towards 104.30.

Metal's Outlook

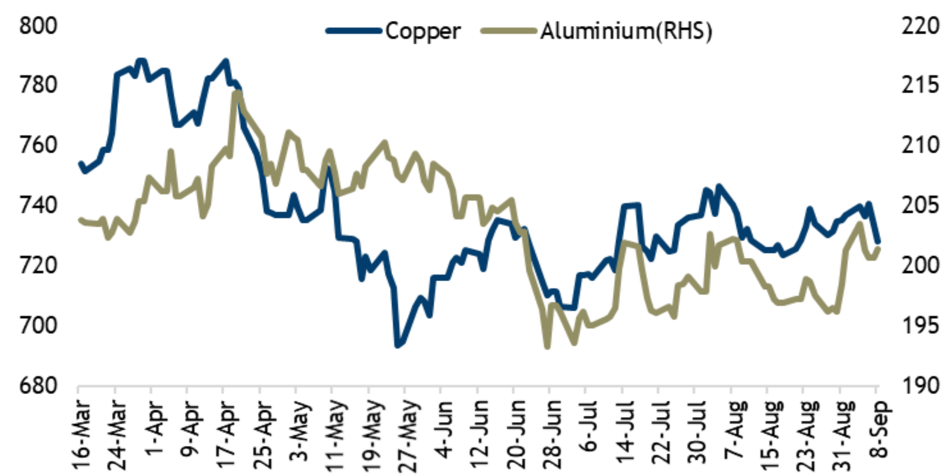
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise towards $1930 levels as long as it sustains above $1909 levels (200-Day EMA) amid soft dollar and expectation of correction in US treasury yields. Further, investors will remain vigilant ahead of slew of economic data from US in this week to get cues on interest rate outlook. More focus will be on inflation data due Wednesday especially with oil price rising. As per CME Fed Watch tool investors now see a 93% chance of Fed holding its rate steady in September meeting
- MCX Gold prices is likely to move north towards 59,200 level as long as it trades above the support level of 58,800 levels
- MCX Silver is expected to slip towards 71,000 level as long as it sustains below 72,100 level

MCX Copper vs. Aluminium



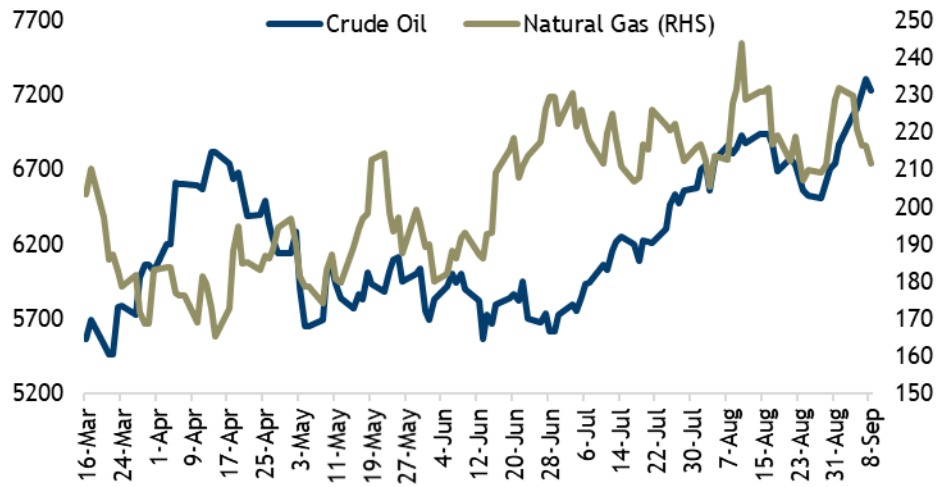
Base Metal Outlook

- Copper prices are expected to trade with negative bias amid pessimistic global market sentiments and rising copper inventories at LME and SHFE registered warehouses. Further, disappointing economic data from major countries has fueled the concern over slowdown in global economic growth. Market participants are concerned about the demand outlook in China, which has shown sluggish post-pandemic recovery and stimulus packages have fallen short of expectations
- MCX Copper may slip further towards 718 levels as long as it trades below 726 levels
- MCX aluminium is expected to face hurdle near 200.50 level and slip back towards 199.00 level

Source: Bloomberg, Reuters, ICICI Direct Research

Energy Outlook

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip towards $85.50 as long as it trades below $87.50 level amid risk aversion in the global markets and as economic concerns in China and other major countries would weigh on fuel demand outlook. However, sharp downside may be cushioned amid retreat in US dollar and on fears over tightening supplies. Additionally, investors will remain cautious ahead of release of IEA and OPEC monthly reports scheduled this week
- MCX Crude oil is likely to slip back towards 7145 level as long as its sustains below 7320 levels
- MCX Natural gas is expected to move downwards towards 209 level as long as it stays below 222 level on forecast for cooler than normal temperature in US

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59076	59199	59413	59536	59750
Silver	70951	71257	71796	72102	72641
Copper	718.8	721.1	725.3	727.5	731.7
Aluminium	200.9	201.3	201.7	202.1	202.5
Zinc	215.4	217.3	219.9	221.8	224.5
Lead	187.9	188.1	188.3	188.6	188.8
Crude Oil	7106	7182	7241	7317	7376
Nat Gas	212	214	218	220	223

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Sep)	82.81	82.94	83.08	83.21	83.35
US$INR (Oct)	82.93	83.05	83.19	83.31	83.45
EURINR (Sep)	88.65	88.83	89.09	89.27	89.53
EURINR (Oct)	88.87	89.05	89.30	89.47	89.72
GBPINR (Sep)	103.30	103.49	103.79	103.98	104.28
GBPINR (Oct)	103.42	103.61	103.90	104.08	104.38
JPYINR (Sep)	56.35	56.46	56.62	56.73	56.90
JPYINR (Oct)	56.75	56.85	57.01	57.11	57.27

Source: Bloomberg, Reuters, ICICI Direct Research

Key Parameters

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	134125	275	0.21%
Aluminium	499475	-2000	-0.40%
Zinc	143425	-1750	-1.21%
Lead	52975	-1300	-2.40%
Nickel	37980	594	1.59%

Source: Bloomberg, Reuters, ICICI Direct Research

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, September 11, 2023						
1:30 PM	China	New Loans	-	1275B	346B	Medium
Tuesday, September 12, 2023						
11:30 AM	UK	Claimant Count Change		17.1K	29.0K	High
11:30 AM	UK	Average Earnings Index 3m/y		8.20%	8.20%	Medium
2:30 PM	Europe	German ZEW Economic Sentiment		-15.00	-12.30	Medium
5:30 PM	India	Industrial Production		4.1%	3.7%	Medium
5:30 PM	India	Inflation Rate		6.8%	7.4%	High
Wednesday, September 13, 2023						
11:30 AM	UK	GDP m/m		-0.2%	0.5%	High
2:00 PM	Europe	Industrial Production m/m		-0.6%	1.8%	Medium
6:00 PM	US	CPI y/y		3.6%	3.2%	High
8:00 PM	US	Crude Oil Inventories		-	(-6.3)M	Medium
Thursday, September 14, 2023						
5:45 PM	Europe	Main Refinancing Rate		4.25%	4.25%	High
6:00 PM	US	PPI m/m		0.4%	0.3%	High
6:00 PM	US	Retail Sales m/m		0.2%	0.7%	High
6:00 PM	US	Unemployment Claims		225k	216k	High
6:15 PM	Europe	ECB Press Conference		-	-	High
Friday, September 15, 2023						
7:30 AM	China	Industrial Production y/y		3.9%	3.7%	High
7:30 AM	China	Retail Sales y/y		3.00%	2.50%	Medium
6:00 PM	US	Empire State Manufacturing Index		-9.50	-19.00	High
6:45 PM	US	Industrial Production m/m		0.20%	1.00%	High
7:30 PM	US	Prelim UoM Consumer Sentiment		69.20	69.50	High

Source: Bloomberg, Reuters, ICICI Direct Research

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