

November 7, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Buy	710.50-711	718	707	Intraday
EURINR	November	Sell	89.40-89.41	89.10	89.60	Intraday

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News and Developments

- Spot gold prices eased yesterday amid re-bounce in US treasury yields. Further, investors remained cautious ahead of host of Federal Reserve speakers this week to get more clarity on interest rate outlook
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting decline to 92.9% from 95.2% a day ago while, prospects for increase by 25bps in December meeting increased to 7.1% from 4.8% a day ago
- Yield on benchmark US 10-year treasury note decline to 4.645% and 2-year treasury yield, which typically moves in step with interest rate expectations edged up to 4.939%. Yields edged higher after a Federal Reserve survey of senior bank lending officers showed that banks tightened lending standards for businesses and households in the third quarter, while demand for loans fell broadly. Moreover, investors grew cautious about large auctions of notes and bonds this week.
- Crude oil prices edged up as Saudi Arabia and Russia reaffirmed their commitment to extra voluntary cut oil supply until the end of the year. Additionally, DOE said US is seeking to buy up to 3 million barrels of oil for delivery in January 2024 to restock the country's strategic petroleum reserve
- Copper prices ended on positive note amid soft dollar and China's commitment to boost imports. Chinese Premier Li Qiang told at trade fair in Shanghai that the country would open up its economy and that its imports of goods and services would reach a cumulative \$17 trillion within the next five years
- Aluminium prices rallied amid declining inventories at LME and SHFE registered warehouses. Additionally, output cuts in China Yunnan province because of power curbs also supported prices

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60770	-0.41%	1978.14	-0.73%
Silver	72117	-0.19%	23.03	-0.81%
Copper	717.3	0.36%	8238.00	0.76%
Aluminium	210.8	1.08%	2287.50	1.49%
Zinc	227.3	1.02%	2573.00	1.92%
Lead	188.1	0.53%	2180.50	0.41%
WTI Crude Oil	6828	1.88%	80.82	0.39%
US Nat Gas	272.0	-6.85%	3.26	-7.14%

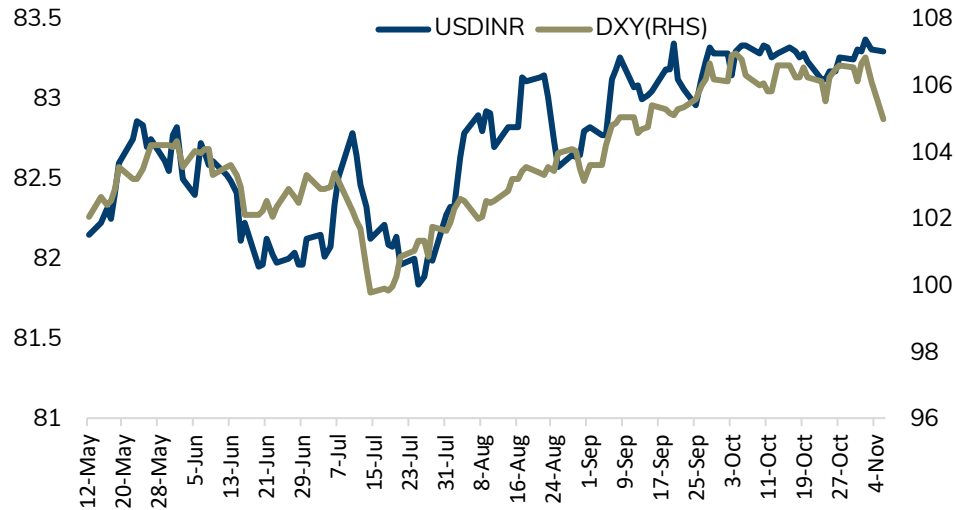
Domestic Currencies

Futures	Close	% Change	pen Interest	Change in OI	Volume	hange in Vol
USDINR (27th Oct)	83.24	-0.08%	5571520	-98292	1279633	109392
EURINR (27th oct)	89.51	0.84%	135869	461	191095	23194
GBPINR (27th Oct)	103.34	1.46%	203258	31876	313997	164034

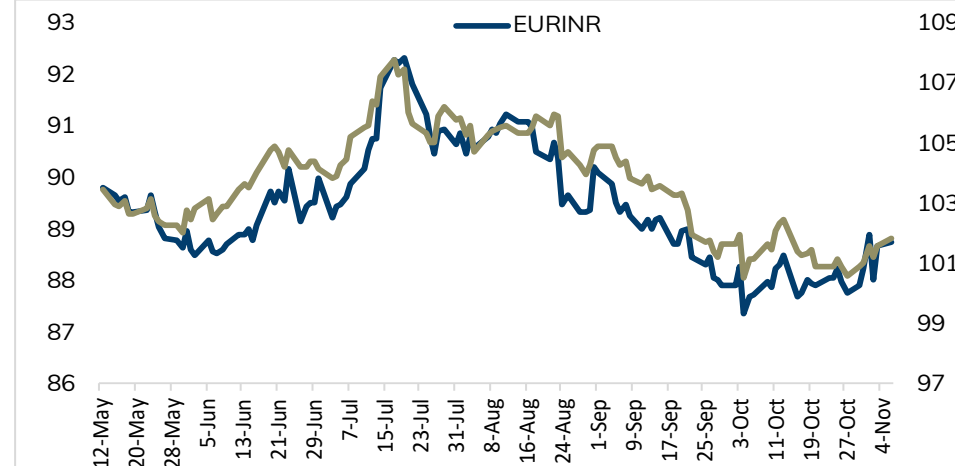
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	December	Buy	60980-61000	61400	60750	Stop Loss Triggered
USDINR	November	Sell	83.24-83.25	83.05	83.36	Exit At cost

Dollar Index vs. US\$INR



EURINR vs. GBPINR



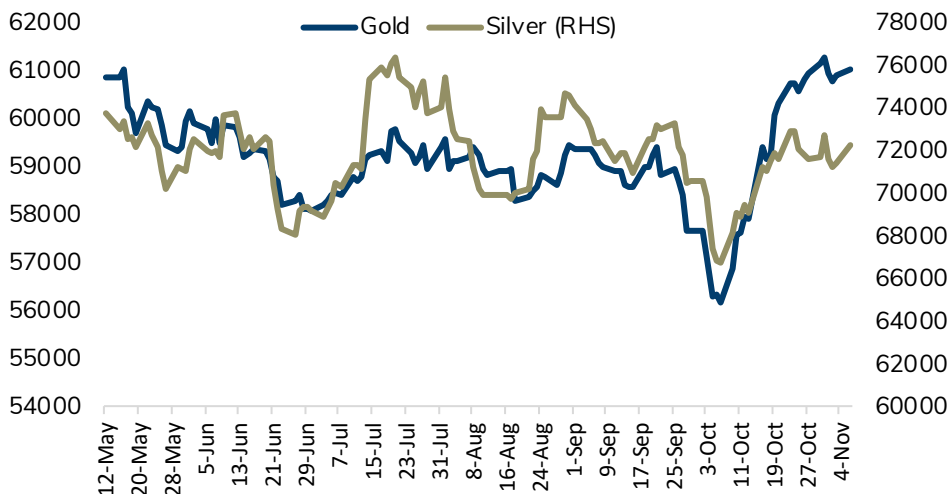
Rupee Outlook

- Rupee appreciated on Monday, but strong US dollar demand from the importers capped its gains. The rupee settled near 83.2150 against its previous close of 83.2850.
- Rupee is expected to depreciate amid recovery in the dollar and US treasury yields. However, increasing probability of pause in rate hike regime by the Federal reserve in its December meeting would limit its downside. Meanwhile, investors will remain cautious ahead of few Fed members speech today, which may bring more clarity in the future rate path. USDINR is likely to consolidate in between 83.10-83.40 in the near term. Only a move below 83.10 it would open the doors towards 82.90.

Euro and Pound Outlook

- The Euro edged lower on Monday amid recovery in the dollar index. Earlier the pair rallied amid better than expected Eurozone economic numbers. The pair is expected to dip towards the initial support at 1.0680, on expectation of weaker economic numbers from Eurozone. EURINR is likely to dip towards 88.90, as long as it trades under rise towards 89.60.
- Pound also took a pause in its rally and ended with a loss of 0.28% on Monday amid recovery in the dollar. The pair is expected to weaken towards 1.2280 as long as it trades under 1.2400. However, improved retail sales numbers could limit its downside. GBPINR is expected to slide towards 102.50 as long as it trades under 103.50 levels.

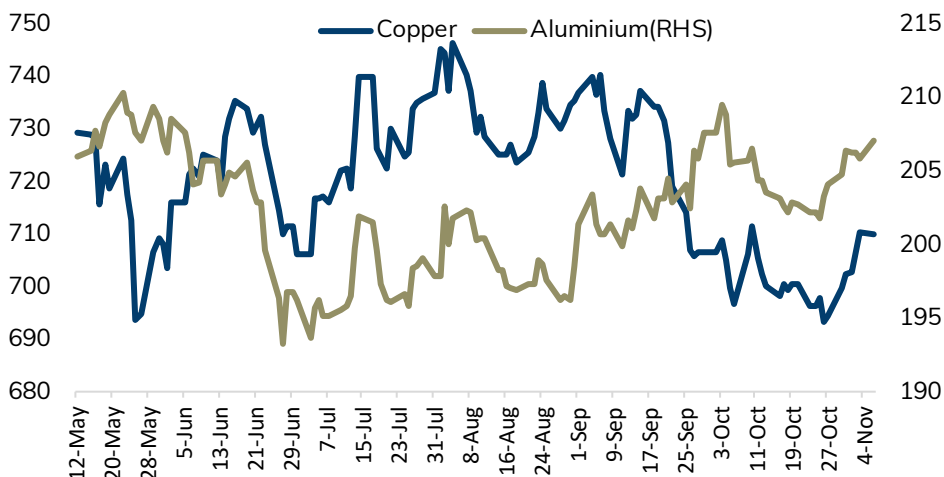
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely face the hurdle near \$1985 levels and slip further towards \$1960 level amid re-bounce in dollar and rise in US treasury yields. Further, investors will remain cautious ahead of comments from bunch of Fed officials this week including US Fed Chair Powell to get clarity on interest rate trajectory. Meanwhile, demand for safe haven may increase on ongoing conflict between Hamas and Israel.
- MCX Gold prices is likely to move south towards 60,300 level as long as it trades below the resistance level of 60,900 levels
- MCX Silver is expected to slip further till 71,500 level as long as it sustains below 72,500 level.

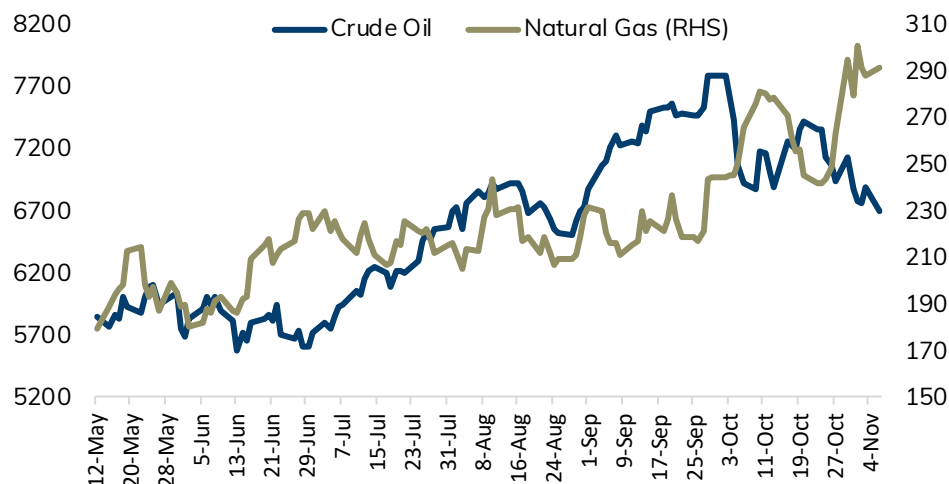
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias on optimism over demand in China following media report that country will accelerate the issuance and use of government bonds. Meanwhile, investors will remain cautious ahead of data from China like exports, imports, consumer price inflation and total social financing to gauge economic health of the country.
- MCX Copper is likely to rise towards 718 level, as long as it stays above 707 level. A move above 718 would open the doors towards 721 levels.
- MCX aluminium is expected to rise further towards 210.50 level as long as it stays above 207.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$79.50 as long as it trades below \$81.50 amid re-bounce in dollar and weak global market sentiments. Further, macroeconomic concerns persist in major economies like US, Europe and China, where PMI data showed slowdown in manufacturing activity. Meanwhile, investors fear over supply disruption amid escalating tensions in Middle East.
- MCX Crude oil is likely to slip further towards 6630 levels as long as it trades below 6880 levels.
- MCX Natural gas is expected to dive towards 265 level as long as it trades below 280 level amid record output and forecasts for mild weather to continue through late November

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60583	60676	60826	60919	61069
Silver	71534	71825	72107	72398	72680
Copper	713.4	715.3	716.9	718.8	720.4
Aluminium	207.8	209.3	210.2	211.7	212.6
Zinc	223.6	225.5	226.8	228.6	229.9
Lead	186.8	187.4	188.0	188.6	189.2
Crude Oil	6693	6761	6801	6869	6909
Nat Gas	261	267	277	282	292

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.14	83.19	83.23	83.28	83.32
US\$INR (Nov)	83.23	83.27	83.31	83.36	83.40
EURINR (Oct)	89.02	89.26	89.42	89.66	89.82
EURINR (Nov)	88.73	89.21	89.48	89.96	90.23
GBPINR (Oct)	102.55	102.94	103.16	103.56	103.78
GBPINR (Nov)	102.55	102.98	103.22	103.65	103.89
JPYINR (Oct)	55.72	55.80	55.87	55.95	56.03
JPYINR (Nov)	56.02	56.11	56.19	56.28	56.36

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.02	106.12	-1.04%
US\$INR	83.29	83.25	0.04%
EURUSD	1.0731	1.0622	1.03%
EURINR	88.69	88.44	0.29%
GBPUSD	1.2380	1.2203	1.45%
GBPINR	101.73	101.45	0.28%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.314	7.324	-0.01
US	4.572	4.659	-0.0866
Germany	2.645	2.717	-0.072
UK	4.288	4.382	-0.094
Japan	0.926	0.926	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/1/2023	8:00 PM	0.8M	1.5M
10/25/2023	8:00 PM	1.4M	-0.5M
10/18/2023	8:00 PM	-4.5M	-0.5M
10/12/2023	8:00 PM	10.2M	-0.4M
10/4/2023	8:00 PM	-2.2M	-0.1M
9/27/2023	8:00 PM	-2.2M	-0.7M
9/20/2023	8:00 PM	-2.1M	-1.3M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	180250	-350	-0.19%
Aluminium	466700	-2000	-0.43%
Zinc	76725	-1850	-2.35%
Lead	129875	500	0.39%
Nickel	40902	-924	-2.21%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 06, 2023						
2:30 PM	Europe	Final Services PMI	47.80	47.80	47.80	Medium
Tuesday, November 07, 2023						
12:30 PM	Europe	German Industrial Production m/m		-0.1%	-0.2%	Medium
7:00 PM	US	Trade Balance		(-60.2)B	(-58.3)B	Medium
Wednesday, November 08, 2023						
3:30 PM	Europe	Retail Sales m/m		-0.2%	-1.2%	Medium
7:45 PM	US	Fed Chair Powell Speaks		-	-	High
8:00 PM	US	Crude oil Inventories		-	-	Medium
Thursday, November 09, 2023						
7:00 AM	China	CPI y/y		-0.20%	0.00%	Medium
7:00 PM	US	Unemployment Claims		218k	217k	High
Friday, November 10, 2023						
12:30 AM	US	Fed Chair Powell Speaks		-	-	High
12:30 PM	UK	GDP m/m		0.00%	0.20%	High
12:30 PM	UK	Industrial Production m/m		-0.1%	-0.7%	Medium
5:30 PM	India	Industrial Production y/y		4.2%	10.3%	Medium
8:30 PM	US	Prelim UoM Consumer Sentiment		63.4	63.8	High
8:30 PM	US	Prelim UoM Inflation Expectations		-	4.2%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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