

November 17, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Sell	709.5-710	702	714	Intraday
USDINR	November	Sell	83.25-83.26	83.10	83.36	Intraday

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News and Developments

- Spot gold prices rose more than 1% yesterday amid soft dollar and decline in US treasury yields after data showed number of Americans filling new claims for unemployment benefits increased more than expected last week, cementing expectations that Fed would pause its rate hiking cycle
- Jobless claims increased by 13000 to 231K for the week ended 11th November.
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting fell to 99.7% from 100% a day ago while, prospects of rate cut by 25bps in May 2024 meeting increased to 48.6% from 46.5% a day ago
- Yield on benchmark US 10-year treasury note slip to 4.437% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.840%. Yields edged lower after weekly jobless claims rose more than expected last week, signifying a cooling labor market that could prompt the Federal Reserve to cut interest rates in early 2024
- Crude oil prices fell more than 4% yesterday amid bigger than expected rise in US crude oil inventories along with mounting worries about global oil demand following weak data from the US and Asia.
- Copper prices retreated on worries about demand in China. Further, as per media report rising mine production may fuel global copper surplus of 112,000 tons this year, climbing to 302,500 tons in 2024
- Zinc prices came under pressure after stocks in LME warehouses nearly doubled to 133,200 tons after months of declines

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60722	1.02%	1980.90	1.07%
Silver	73360	1.37%	23.75	1.30%
Copper	708.8	-0.44%	8220.00	-0.55%
Aluminium	204.3	-0.87%	2215.50	-0.76%
Zinc	228.2	-1.93%	2576.00	-3.01%
Lead	189.7	0.61%	2283.00	1.65%
WTI Crude Oil	6026	-6.20%	72.90	-4.90%
US Nat Gas	254.5	-5.78%	3.06	-4.01%

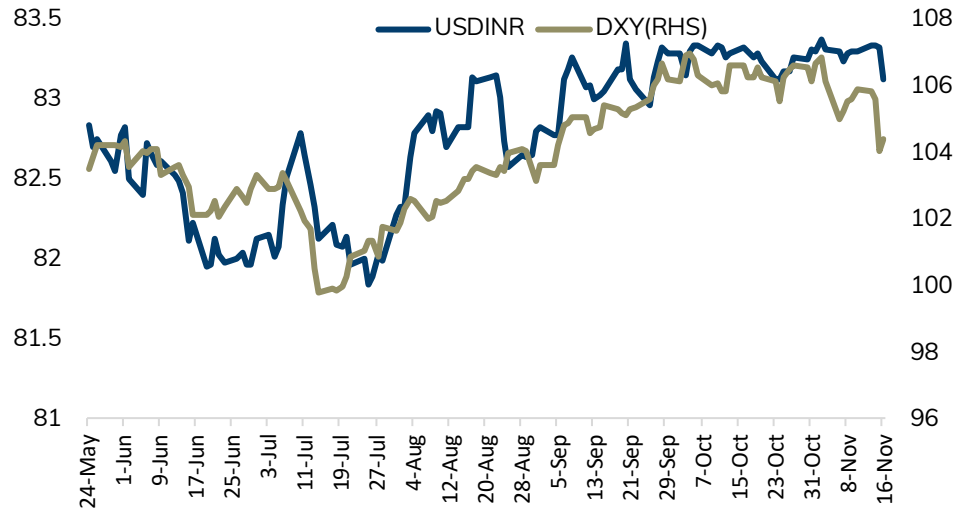
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.24	0.14%	5141341	-86825	1172325	-2092542
EURINR (27th oct)	90.34	0.07%	153088	14622	151888	-110834
GBPINR (27th Oct)	103.26	-0.29%	162364	-26287	239003	-149790

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	December	Sell	6480-6500	6300	6600	Not Initiated
USDINR	November	Sell	83.28-83.29	83.10	83.40	Not Initiated

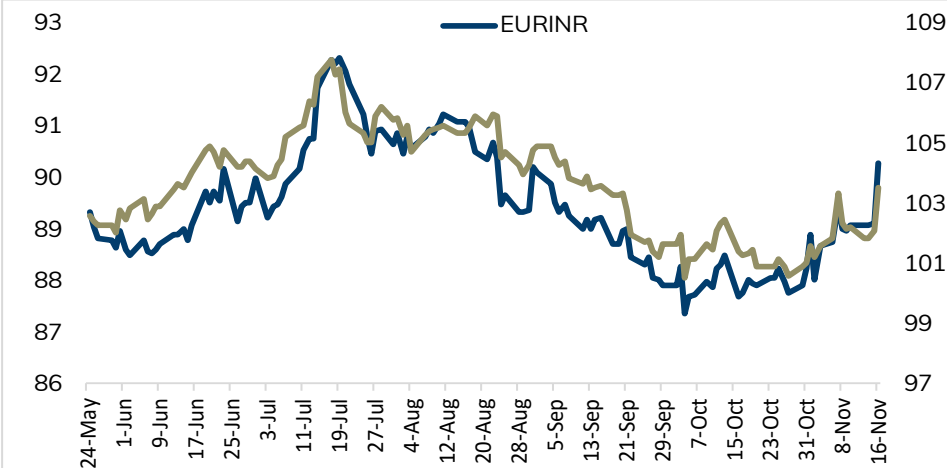
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee lost its strength and settled near 83.24 amid persistent capital outflows from the domestic markets. However, the losses got restricted as RBI continued to prevent the rupee from falling below 83.30
- Rupee is expected to appreciate towards the 83.00 mark amid correction in the dollar and falling crude oil prices. The weaker set of economic numbers from the US could weigh on the dollar. USDINR is likely to move back towards 83.00 mark, as long as it stays under 83.30. Only move below 83.00 it would open the doors towards 82.80.

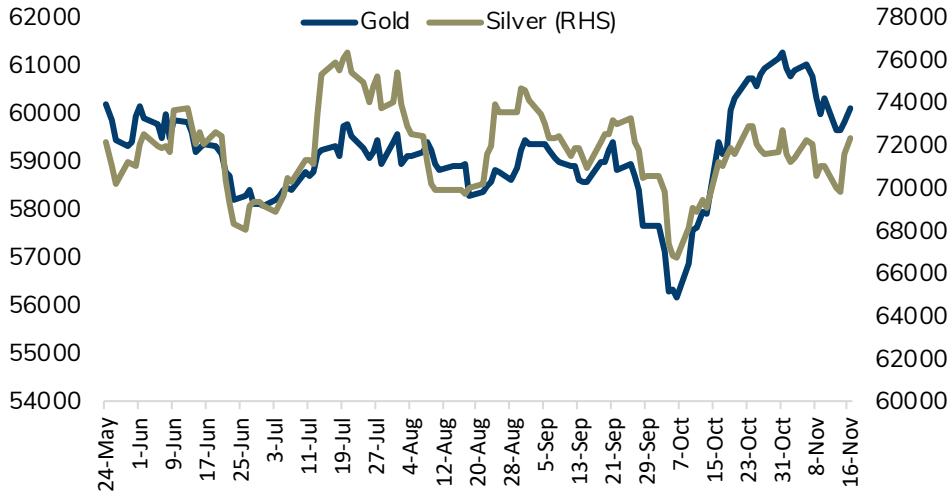
EURINR vs. GBPINR



Euro and Pound Outlook

- The Euro edged higher on Thursday amid weakness in the dollar. The pair is likely to find support near 1.0820 and move higher towards 1.09 amid softness in the dollar. Meanwhile, traders will eye on key inflation numbers from the Euro zone and comments from the ECB President to get more clarity on the future rate path. EURINR is likely to find the floor near 90.00 and move higher towards 90.70.
- Pound scaled back above the 1.24 mark amid correction in the dollar. The pair is expected to rise towards 1.2470 as long as it holds above 1.2370. Expectation of improved retail sales number could support the pair to regain its strength. GBPINR is expected to hold 103.00 and move higher towards 103.80.

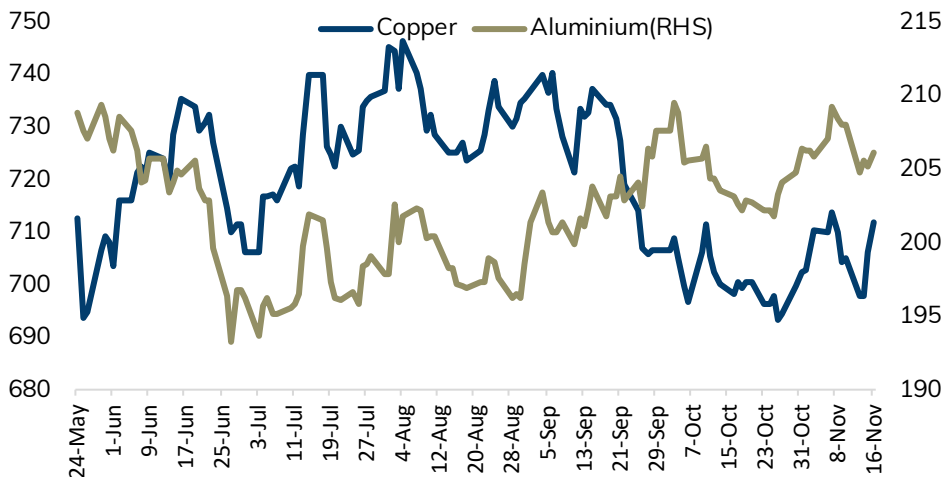
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise further towards \$1992 level as long as it sustains above \$1972 levels amid weak dollar and decline in US treasury yields across curve. Dollar and yields will tumble further as recent CPI and PPI data from US signaled that price pressure is ebbing and Job data showed a cooling labor market, cementing expectation that US Fed is done with hiking interest rates and may go for rate cut in early 2024. Additionally, demand for safe haven may increase on ongoing tension in Middle East.
- MCX Gold prices is likely to move north towards 61,100 level as long as it trades above the support level of 60,400 levels
- MCX Silver is expected to rise towards 74,200 level as long as it sustains above 72,600 level.

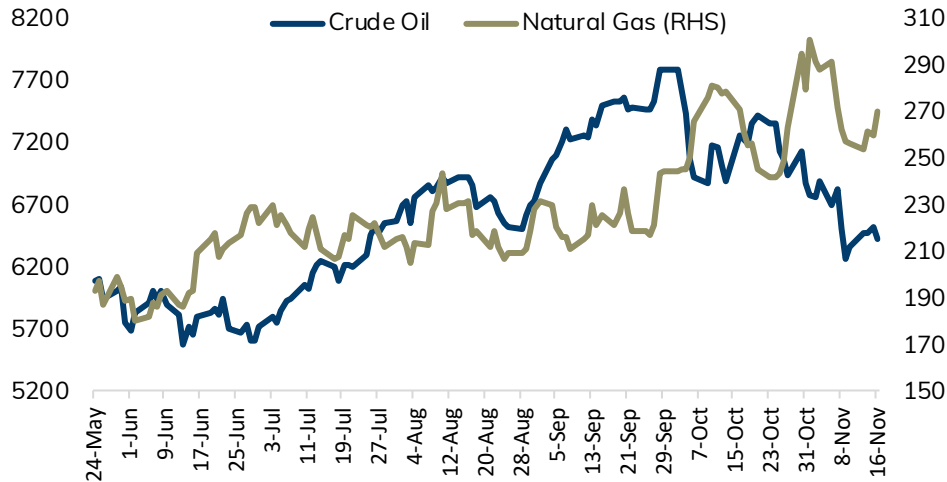
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid weak global market sentiments and as worries about demand in top metals consumer China was reinforced after new home prices fall for a fourth month in October. Additionally, prices may slip on expectation of disappointing housing data from US
- MCX Copper is likely to dive towards 702 level, as long as it stays below 714 level. A move below 702 would open the doors towards 698 levels.
- MCX aluminium is expected to move down towards 203.0 level as long as it stays below 205.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to find the support near \$72.00 and move north towards \$74.50 levels on weak dollar and fears over supply disruption due to rising conflict in Middle east. Additionally, market participants speculate that Saudi Arabia and Russia may extend its voluntary output cut beyond December 2023. Meanwhile, sharp upside may be capped on concerns over waning demand in the US & China and rising inventories. MCX Crude oil is likely to find support near 5950 levels move north towards 6250 levels.
- MCX Natural gas is expected to slip towards 248 level as long as it trades below 260 level as EIA reports a 60 Bcf increase in underground storage last week, above expectations for 38 Bcf rise

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	59111	59917	60915	61721	62719
Silver	71286	72323	73039	74076	74792
Copper	703.4	706.1	710.0	712.7	716.5
Aluminium	202.6	203.4	204.8	205.7	207.1
Zinc	224.8	226.5	229.0	230.7	233.1
Lead	186.9	188.3	189.3	190.7	191.6
Crude Oil	5757	5891	6135	6269	6513
Nat Gas	242	248	260	266	278

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Nov)	83.14	83.19	83.22	83.27	83.30
US\$INR (Dec)	83.16	83.23	83.26	83.33	83.36
EURINR (Nov)	90.00	90.17	90.29	90.46	90.58
EURINR (Dec)	90.16	90.32	90.43	90.60	90.71
GBPINR (Nov)	102.88	103.07	103.18	103.37	103.48
GBPINR (Dec)	102.95	103.13	103.23	103.41	103.52
JPYINR (Nov)	55.04	55.11	55.16	55.23	55.27
JPYINR (Dec)	55.38	55.43	55.47	55.52	55.55

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.35	104.39	-0.04%
US\$INR	83.24	83.15	0.11%
EURUSD	1.0852	1.0848	0.04%
EURINR	90.33	90.24	0.10%
GBPUSD	1.2414	1.2416	-0.02%
GBPINR	103.23	103.62	-0.38%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.235	7.220	0.015
US	4.436	4.531	-0.0959
Germany	2.590	2.644	-0.054
UK	4.151	4.227	-0.076
Japan	0.791	0.802	-0.011

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/15/2023	8:00 PM	3.6M	2.5M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	181950	-2300	-1.25%
Aluminium	483800	-2025	-0.42%
Zinc	133200	65075	95.52%
Lead	135925	600	0.44%
Nickel	44262	750	1.72%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 13, 2023						
5:30 PM	IND	Inflation Rate YoY	4.87%	5.20%	5.02%	High
Tuesday, November 14, 2023						
12:30 PM	UK	Claimant Count Change	17.8K	15.0K	20.4K	High
12:30 PM	UK	Average Earnings Index 3m/y	7.9%	7.4%	8.1%	Medium
3:30 PM	Europe	Flash GDP q/q	-0.1%	-0.1%	-0.1%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	9.8	4.9	-1	Medium
7:00 PM	US	CPI y/y	3.2%	3.3%	3.7%	High
Wednesday, November 15, 2023						
7:30 AM	China	Industrial Production y/y	4.60%	4.5%	4.5%	High
7:30 AM	China	Retail Sales y/y	7.6%	7.1%	5.5%	Medium
12:30 PM	UK	CPI y/y	4.60%	4.70%	6.70%	High
3:30 PM	Europe	Industrial Production m/m	-1.10%	-0.90%	0.60%	Medium
7:00 PM	US	Retail Sales m/m	-0.1%	-0.3%	0.7%	High
7:00 PM	US	PPI m/m	-0.5%	0.1%	0.5%	High
7:00 PM	US	Empire State Manufacturing Index	9.1	-3.30	-4.60	High
9:00 PM	US	Crude oil Inventories	3.6M	2.5M	13.9M	Medium
Thursday, November 16, 2023						
7:00 PM	US	Unemployment Claims	231k	221k	217k	High
7:00 PM	US	Philly Fed Manufacturing Index	-5.9	-10.4	-9	Medium
7:45 PM	US	Industrial Production m/m	-0.6%	-0.4%	0.1%	Medium
Friday, November 17, 2023						
12:30 PM	UK	Retail Sales m/m	-	-	-0.9%	High
3:30 PM	Europe	Final CPI y/y	-	-	2.9%	Medium
7:00 PM	US	Building Permits	-	-	1.47M	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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