

November 28, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	December	Sell	6460-6470	6330	6550	Intraday
USDINR	December	Sell	83.40-83.42	83.35	83.50	Intraday

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News and Developments

- Spot gold hit the highest level in last six-months amid weakness in the dollar and decline in US treasury yields. The weaker set of economic numbers from US has raised the bets that the Federal Reserve will halt its rate hike cycle.
- The dollar slide below the 103.40 mark after the US new home sales numbers gained by 679k less than previous record of 719k.
- The 10-year US treasury yields dropped to 4.40% and the 2-year US treasury yields dipped to 4.92%.
- The CME Fed-Watch tool indicated almost zero probability of rate hike in December and 7% probability of rate hike in January. Whereas rate cut probability in May 2024 stood above the 42%.
- Crude oil futures steadied near the \$75 mark on Monday as the focus shifts towards the upcoming OPEC+ meeting on Thursday. The increasing speculation on further extension of production cut into next year by the OPEC+ has restricted the downside in the oil prices. Whereas higher production from the Non-OPEC nations and sluggish growth in China and Europe has restricted any major upside in oil prices.
- Copper futures traded lower on Monday, after weaker data from China raised demand concerns. Profits at China's industrial companies rose 2.7% year on year in October, slowing from the 11.9% increase in September and 17.2% in August. Meanwhile, supply disruptions at the Cobre Panam mine and softness in the dollar limited the downside in the red metal.
- NYMEX Natural gas futures declined to a two-month low on Monday amid forecasts of mild weather and higher inventories in the US.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61540	0.29%	2014.13	0.67%
Silver	74806	1.25%	24.65	1.31%
Copper	718.9	-0.48%	8364.00	-0.77%
Aluminium	203.5	-0.32%	2210.50	-0.25%
Zinc	226.4	-0.81%	2539.00	-0.57%
Lead	187.4	-0.50%	2162.00	-1.57%
WTI Crude Oil	6267	-1.12%	74.86	-0.90%
US Nat Gas	244.7	2.82%	2.79	-2.14%

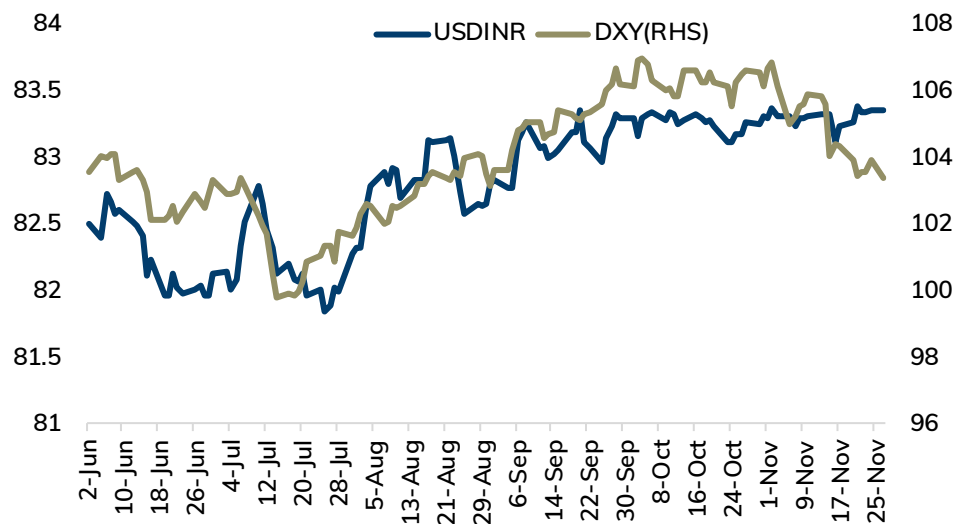
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.38	0.03%	3243121	-817552	1885898	222881
EURINR (27th oct)	90.95	-0.02%	109094	-22434	109465	4116
GBPINR (27th Oct)	104.69	0.11%	120269	-12377	196933	-64839

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	December	Sell	6430-6450	6300	6510	Profit Booked
GBPINR	November	Buy	104.28-104.30	104.70	104.10	Not Initiated

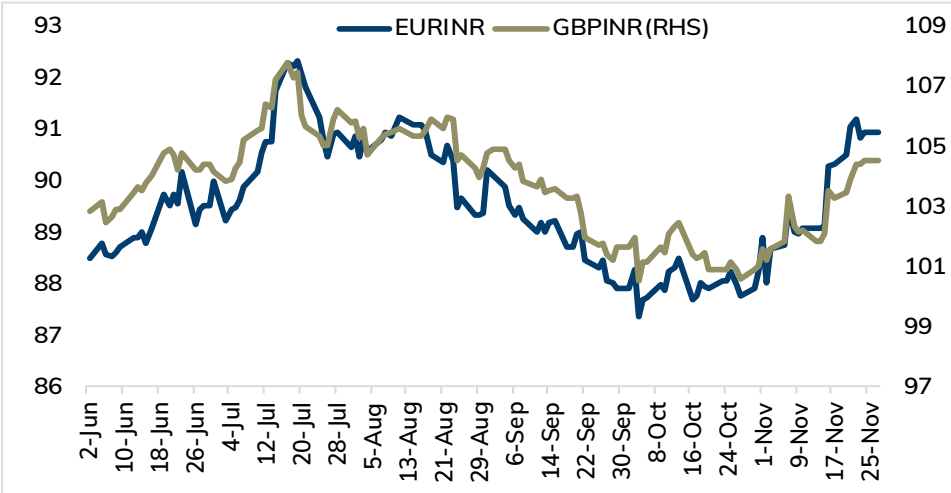
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended at record closing on Friday tracking weakness in other Asian currencies. Further, rupee slipped on dollar demand from foreign banks
- Rupee is likely to appreciate today amid weak dollar and decline in US treasury yields. Yields are moving south on expectation that US Federal Reserve is done with tightening monetary policy and could start cutting rates by the first half of next year. Additionally, yields are extending their declines on weaker than expected economic data from US. Moreover, investors are cautious ahead of slew of events and data this week that could determine the future path of interest rates globally. USDINR Dec may slip to 83.35 level as long as its stays below 83.50 levels

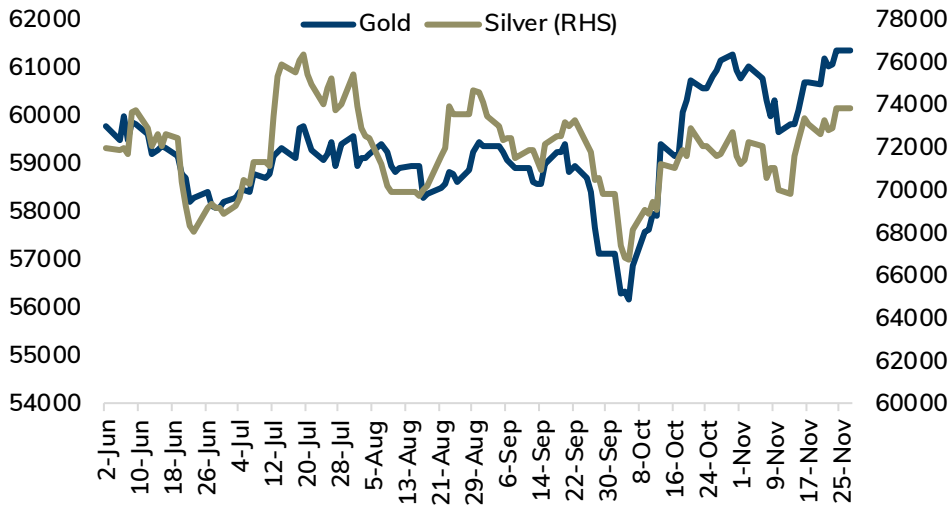
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro moved up by 0.19% yesterday amid soft dollar and hawkish comments from ECB President Lagarde. She said euro zone inflation pressures are easing but wage growth is still strong, so the ECB's fight to contain price growth is not yet done. For today, EURUSD is likely to rise further towards 1.100 level as long as it stays above 1.0920 levels amid weak dollar. Meanwhile, investors will remain cautious ahead of economic data from euro zone and speeches from ECB officials to get more clarity on interest rate outlook. EURINR may rally towards 91.70 as long as it trades above 91.15 levels
- Pound is likely to move further north towards 1.2680 level amid soft dollar and as UK Prime Minister Rishi Sunak announced raft of foreign investments in country. Moreover, BOE Governor Andrew bailey comments signaled that rates could remain higher for longer duration. GBPINR is likely to move higher towards 105.70 level as long a it stays above 105.00 levels

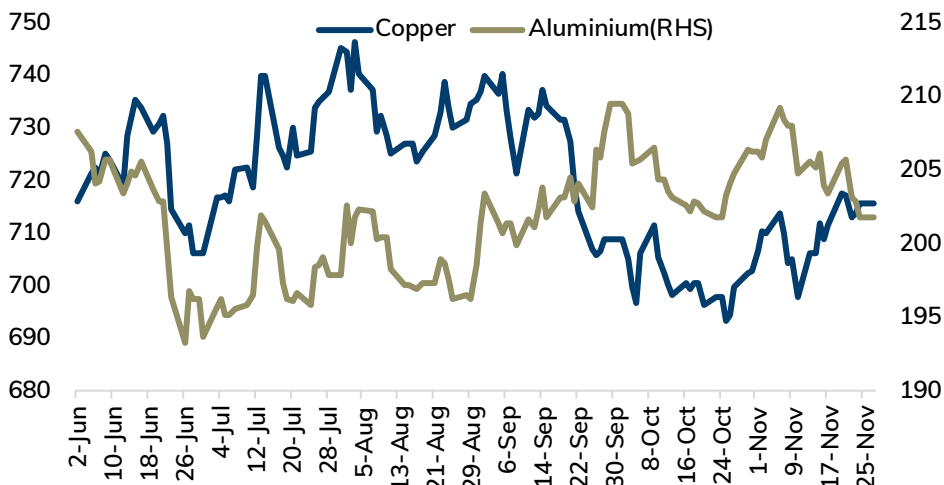
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to trade with a bullish bias and move towards \$2040, as long as it holds above the \$2000 mark. The softness in the dollar amidst forecast of weaker economic numbers from US could provide necessary strength to the precious metal to trade with positive bias. Meanwhile, investors will focus on key US consumer confidence numbers and comments from the Fed members to get more clarity on the future interest rate cycle.
- MCX gold February is expected to find support near 61600 and move higher towards 62300. Only close above 62300 it would open the doors towards 62600.
- MCX Silver is likely to follow the yellow metal and move towards 77200, as long as it holds above the 75800 mark.

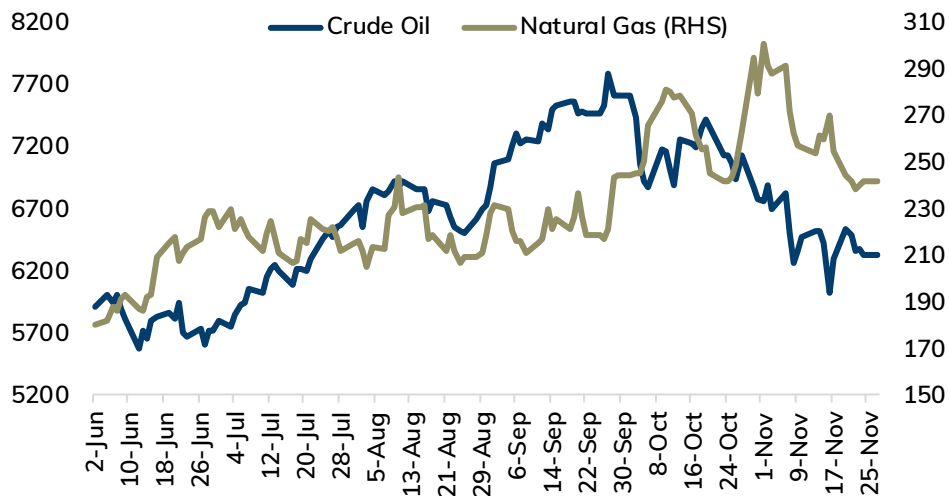
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trim its yesterday's losses amid supply tightness and softness in the dollar. Supply concerns due to protest at Panama port would help the metal to trade with a higher bias. Further, increasing speculation on fresh round of stimulus from China would also support the red metal to regain its strength. Meanwhile, traders will focus on key economic numbers from US and China to get more clarity
- MCX Copper December is likely to find support near 714 and move higher towards 722. Only close below 714, would weaken towards 708.
- MCX Aluminium December is expected to hold the support near 202 and move back towards 206.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil prices are expected to move in a tight range ahead of the OPEC+ meeting on Thursday. Price could find the floor near the \$72 mark amid increasing speculation that OPEC+ could extend its curbs on supplies into 2024. However, higher production from US and buildup in inventory levels could restrict its upside above the \$78 mark.
- MCX Crude oil is likely to consolidate in between 6300 and 6500. Only a move outside of the range would bring more clarity in its direction. Above, 6500, it would rise towards 6650. Similarly below 6300 it would slide further towards 6150.
- MCX Natural gas December futures is expected to face the hurdle near 250 and move lower towards 240 amid ample supply and mild weather forecast in the US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61321	61430	61561	61670	61801
Silver	72565	73685	75235	76355	77905
Copper	715.2	717.0	720.1	721.9	724.9
Aluminium	202.9	203.2	203.6	203.9	204.4
Zinc	224.0	225.2	227.3	228.5	230.6
Lead	186.8	187.1	187.5	187.8	188.3
Crude Oil	6052	6160	6263	6371	6474
Nat Gas	233	239	243	249	254

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Nov)	83.32	83.35	83.37	83.40	83.42
US\$INR (Dec)	83.37	83.40	83.42	83.44	83.47
EURINR (Nov)	90.72	90.84	90.93	91.05	91.15
EURINR (Dec)	90.88	90.98	91.07	91.17	91.25
GBPINR (Nov)	104.30	104.49	104.61	104.81	104.93
GBPINR (Dec)	104.33	104.53	104.66	104.86	104.99
JPYINR (Nov)	55.65	55.73	55.83	55.90	56.00
JPYINR (Dec)	55.97	56.04	56.15	56.22	56.32

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.20	103.40	-0.20%
US\$INR	83.38	83.34	0.04%
EURUSD	1.0954	1.0939	0.14%
EURINR	90.90	91.03	-0.14%
GBPUSD	1.2627	1.2603	0.19%
GBPINR	104.63	104.66	-0.03%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.270	7.255	0.015
US	4.387	4.467	-0.0799
Germany	2.548	2.643	-0.095
UK	4.212	4.283	-0.071
Japan	0.778	0.777	0.001

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
11/22/2023	8:00 PM	8.7M	0.9M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	177800	-725	-0.41%
Aluminium	471875	-2000	-0.42%
Zinc	210825	-475	-0.22%
Lead	137975	750	0.55%
Nickel	44874	-24	-0.05%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, November 27, 2023						
8:30 PM	US	New Home Sales	679K	724K	759K	Medium
Tuesday, November 28, 2023						
12:30 PM	Europe	German GfK Consumer Climate	-	-28.2	-28.1	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	-	4.20%	2.20%	Medium
8:30 PM	US	CB Consumer Confidence	-	101	102.6	High
8:30 PM	US	Richmond Manufacturing Index	-	1	3	Medium
Wednesday, November 29, 2023						
7:00 PM	US	Prelim GDP q/q	-	5.0%	4.90%	High
8:35 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
9:00 PM	US	Crude Oil Inventories	-	-	8.7M	Medium
Thursday, November 30, 2023						
7:00 AM	China	Manufacturing PMI	-	49.6	49.5	High
7:00 AM	China	Non-Manufacturing PMI	-	51.1	50.6	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	2.70%	2.90%	High
5:30 PM	India	GDP YoY	-	6.90%	7.80%	High
All Day	All	OPEC-JMMC Meetings	-	-	-	High
7:00 PM	US	Core PCE Price Index m/m	-	0.20%	0.30%	High
7:00 PM	US	Unemployment Claims	-	219K	209K	High
8:30 PM	US	Pending Home Sales m/m	-	-0.90%	1.10%	Medium
Friday, December 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	-	49.3	49.5	High
8:30 PM	US	ISM Manufacturing PMI	-	47.7	46.7	High
9:30 PM	US	Fed Chair Powell Speaks	-	-	-	High

Source: Bloomberg, Reuters, ICICI Direct Research



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