

November 04, 2022

Daily Currency & Commodity Outlook

Daily Recommendation

Currency/Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude oil	Nov	Sell	7340-7350	7240	7400	1 day
GBPINR	Nov	Sell	93.58-93.60	93.30	93.80	1 day

Research Analysts

Raj Deepak Singh
rajdeepak.singh@icicisecurities.com

Rishikesh Lilawat
rishikesh.lilawat@icicisecurities.com

Daily Currency Snapshot

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DX	112.98	112.11	0.78%
US\$INR	83.03	82.93	0.12%
EURUSD	0.9749	0.9814	-0.66%
EURINR	81.11	82.22	-1.35%
GBPUSD	1.1158	1.1389	-2.03%
GBPINR	93.59	95.44	-1.94%

Daily Currency Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (28th Nov-22)	82.80	82.92	83.00	83.12	83.20
US\$INR (28th Dec-22)	83.01	83.13	83.21	83.32	83.40
EURINR (28th Nov-22)	80.49	80.80	81.35	81.66	82.22
EURINR (28th Dec-22)	80.57	81.16	81.73	82.32	82.89
GBPINR (28th Nov-22)	92.49	93.00	93.99	94.51	95.50
GBPINR (28th Dec-22)	92.58	93.22	94.46	95.11	96.35
JPYINR (28th Nov-22)	55.90	56.06	56.35	56.51	56.81
JPYINR (28th Dec-22)	56.27	56.44	56.68	56.84	57.08

- The rupee depreciated on Thursday amid a surge in the US dollar index and weak domestic equity markets. However, softness in crude oil prices restricted further depreciation
- The US dollar rallied yesterday amid a rise in US 10 year's treasury yields as comments from Fed Chair Jerome Powell dashed hopes that interest rate hikes will end soon. However, weaker than expected non manufacturing PMI data from the US capped further gains in the US dollar

- The Euro depreciated yesterday amid a strong US dollar. Further, the Euro was pressurised after European Central Bank President Christine Lagarde warned that a mild recession is possible but it would not be sufficient in itself to stem soaring prices
- The British pound edged lower by almost 2.00% yesterday after the Bank of England said borrowing costs were likely to go up less than markets expect and warned that the economy was heading for a longer recession even as it raised rates by the most in three decades

Follow-up

Currency/Commodity	Contract	Action	Price	Target	Stoploss	Comment
Crudeoil	Nov	Buy	7400-7410	7490	7355	Stop loss Triggered
USDINR	Nov	Buy	83.00-83.02	83.30	82.85	Exit in Profit

Bullion Outlook

- Comex gold prices tumbled yesterday and touched two-and-a-half year low levels after the Federal Reserve Chairman Jerome Powell signalled the central bank was not finished raising interest rates
- However, weaker than expected macroeconomic data from the US prevented further downside
- MCX gold prices are expected to trade with a negative bias for the day amid rise in US dollar. It is likely to break the key support level of ₹ 50,060 and continue its downward trend towards the level of ₹ 49,800 in the coming trading session

MCX Gold vs Silver Performance



MCX Price Performance

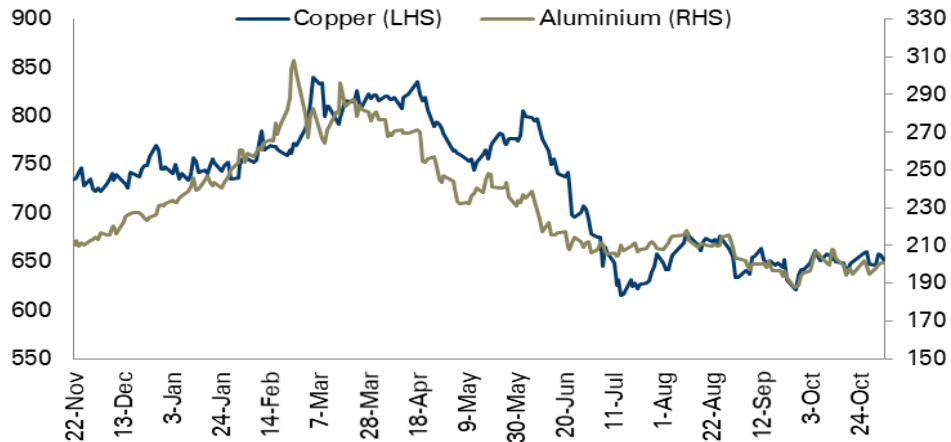
Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	50164	-0.87%	1632.05	-1.09%
Silver	58348	-0.75%	19.48	-0.57%
MCXBULLDEX	13934	-0.89%	-	-
Copper	652.50	-0.78%	7568.00	-0.77%
Aluminium	200.90	0.25%	2263.00	0.53%
Zinc	253.70	-0.82%	2713.50	-1.27%
Lead	180.00	0.45%	1988.50	0.40%
WTI Crude Oil	7335	-1.34%	87.95	-2.28%
US Nat Gas	501.9	-2.64%	5.94	-5.31%
MCXENRGDEX	8669	-1.75%	-	-

Daily Commodity Pivot Levels

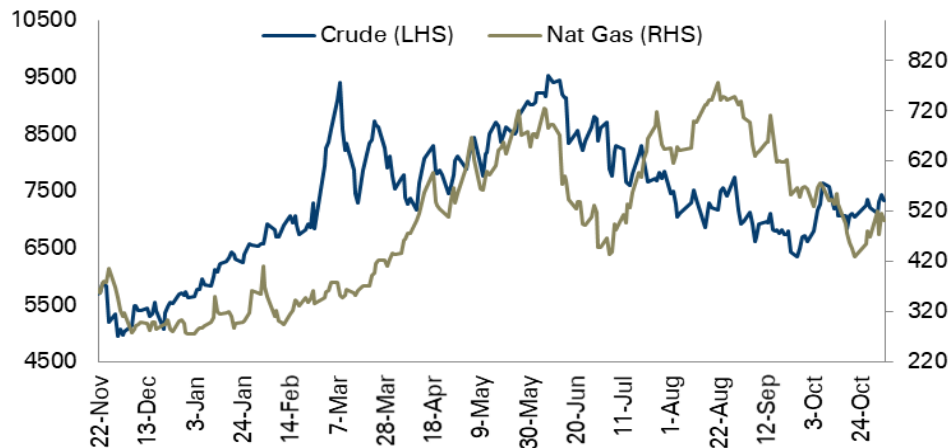
Commodity	S2	S1	Pivot	R1	R2
Gold	49721	49943	50221	50443	50721
Silver	56554	57451	57946	58843	59338
MCXBULLDEX	13744	13839	13935	14030	14126
Copper	641.9	647.2	652.4	657.7	663.0
Aluminium	196.4	198.7	200.0	202.3	203.6
Zinc	244.1	248.9	253.1	257.9	262.1
Lead	177.8	178.9	179.5	180.6	181.3
Crude Oil	7188	7261	7348	7421	7508
Nat Gas	482.6	492.3	502.5	512.2	522.4
MCXENRGDEX	8472	8571	8690	8788	8908

Source: Bloomberg, Reuters, ICICI Direct Research

MCX Copper vs. Aluminium Performance



MCX Crude Oil vs. Natural Gas Performance



Base Metal Outlook

- MCX copper prices slumped on Thursday after the US Federal Reserve failed to provide a clear signal for less aggressive rate hikes as a global slowdown curbs demand for base metals
- Further, weaker than expected macroeconomic data from the China pressurised copper prices. The Caixin China general services PMI deteriorated further to 48.4 in October 2022 from 49.3 in September, contracting for a second straight month and logging the lowest reading since May
- We expect MCX copper prices to trade with a negative bias for the day amid a continuous rise in Covid-19 cases in top metals consumer China, which may hamper demand for base metals

Energy Outlook

- MCX natural gas prices tumbled by about 2.60% yesterday amid rise in US natural gas inventories from 3,394 bcf to 3,501 bcf
- MCX crude oil prices slipped almost 1.30% as China stood by its zero-Covid policy and an increase in US interest rates pushed up the dollar
- We expect MCX crude oil prices to trade with a negative bias for the day amid rising fears of a global recession that would crimp fuel demand

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German Factory Orders (MoM) (Sep)	EUR	12:30 PM	-	-0.01	-0.02	Medium
French Non-Farm Payrolls (QoQ) (Q3)	EUR	1:15 PM	-	0.50%	0.40%	Medium
Services PMI (Oct)	EUR	2:30 PM	-	48.20	48.20	Medium
S&P Global Composite PMI (Oct)	EUR	2:30 PM	-	47.10	47.10	Medium
Construction PMI (Oct)	GBP	3:00 PM	-	50.5	52.3	Medium
ECB President Lagarde Speaks	EUR	3:00 PM	-	-	-	High
Unemployment Rate (Oct)	USD	6:00 PM	-	3.60%	3.50%	High
Nonfarm Payrolls (Oct)	USD	6:00 PM	-	200K	263K	Medium
U.S. Baker Hughes Oil Rig Count	USD	10:30 PM	-	-	610	Medium

Source: Bloomberg, Reuters, ICICI Direct Research

Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road no.7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com



Source: Bloomberg, Reuters, ICICI Direct Research

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