

August 18, 2022

Daily Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Aluminium	Aug	Buy	210.70-211	214	209	Intraday
Buldex	Aug	Sell	14230-14240	14100	14330	Intraday

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Bullion Futures

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	51512	-0.63%	1780.10	-0.54%
Silver	56886	-0.49%	19.88	-1.33%
MCXBULLDEX	14240	-0.66%	-	-

MCX Pivot levels

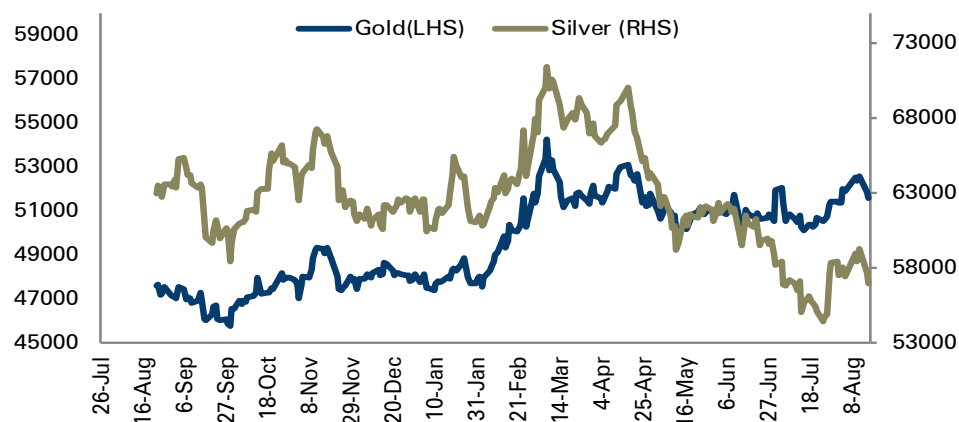
Commodity	S2	S1	Pivot	R1	R2
Gold	51154	51333	51649	51828	52144
Silver	55922	56404	57197	57679	58472
MCXBULLDEX	14103	14171	14275	14343	14447

Gold/Silver Ratio



- Comex gold prices declined almost 0.50% on Wednesday due to a surge in US 10 year bond yields
- According to Fed meeting minutes released on Wednesday, policymakers at their July meeting committed to raising rates as high as necessary to bring inflation under control but the pace could be slow
- However, risk aversion in global markets and inflationary pressures restricted further downsides in bullion prices
- MCX gold prices are expected to trade with a negative bias for the day amid rising dollar index. It is trading below the key support level of ₹ 52,000 over the last couple of trading sessions. As long as it sustains below this level, it is likely correct towards ₹ 51,000 levels for the day
- Additionally, investors will remain cautious ahead of initial jobless claims data from the US

MCX Gold vs Silver Performance



Metal Futures

Commodity	LTP (₹)	Change	LTP (\$)	Change
Copper	660.90	-0.87%	7931.50	-0.60%
Aluminium	210.55	0.65%	2414.00	0.92%
Zinc	317.85	-1.96%	3516.00	-4.25%
Lead	182.45	-0.76%	2163.50	-0.67%

MCX Pivot levels

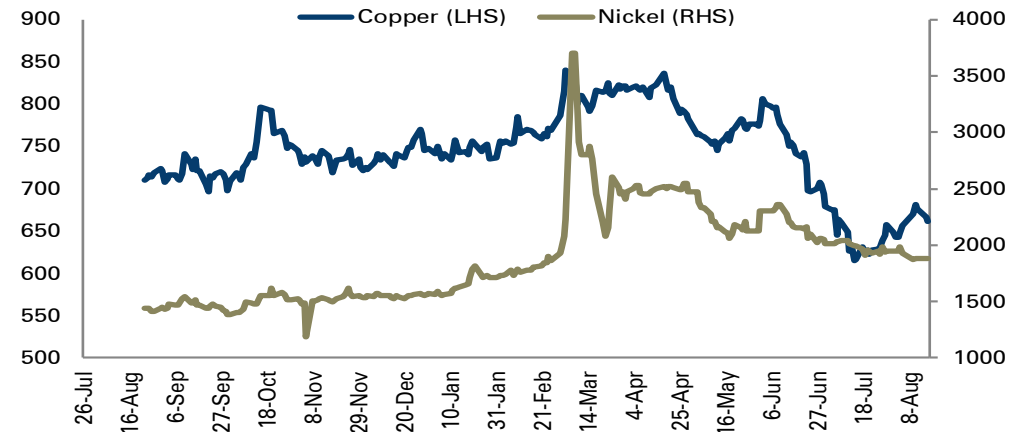
Commodity	S2	S1	Pivot	R1	R2
Copper	651.2	656.0	663.4	668.2	675.6
Aluminium	208.1	209.3	210.6	211.9	213.2
Zinc	307.0	312.4	320.5	325.9	334.0
Lead	180.8	181.6	182.9	183.7	185.0

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	128875	-600	-0.46
Nickel	56034	-312	-0.55
Zinc	75000	-175	-0.23
Lead	39050	0	0.00
Aluminium	276875	1250	0.45

- LME aluminium prices edged higher by 0.90% on Wednesday after news that a European smelter will close due to high power prices, boosting worries about potential shortages
- Norsk Hydro said on Wednesday it will close its majority-owned primary aluminium facility in Slovakia by the end of September
- In China, The southwestern Sichuan province ordered industrial users to suspend production from August 15-20 to prioritise residential power supply, disrupting metal production including aluminium, lithium and zinc
- Additionally, a significant increase in CFTC's large speculators net long comex aluminium positions over the last week provided further support to prices
- MCX Aluminium prices are expected to rally towards ₹ 214 levels for the day due to rising energy prices and on worries over tight supply

MCX Copper vs. Nickel Performance



Energy Futures

Commodity	LTP (₹)	Change	LTP (\$)	Change
WTI Crude Oil	6969	1.44%	87.81	1.48%
US Nat Gas	736.7	0.49%	9.25	-0.88%
MCXENRGDEX	10042	0.83%	-	-

MCX Pivot levels

Commodity	S2	S1	Pivot	R1	R2
Crude Oil	6714	6842	6965	7093	7216
Nat Gas	699.5	718.1	742.5	761.1	785.5
MCXENRGDEX	9782	9912	10052	10182	10322

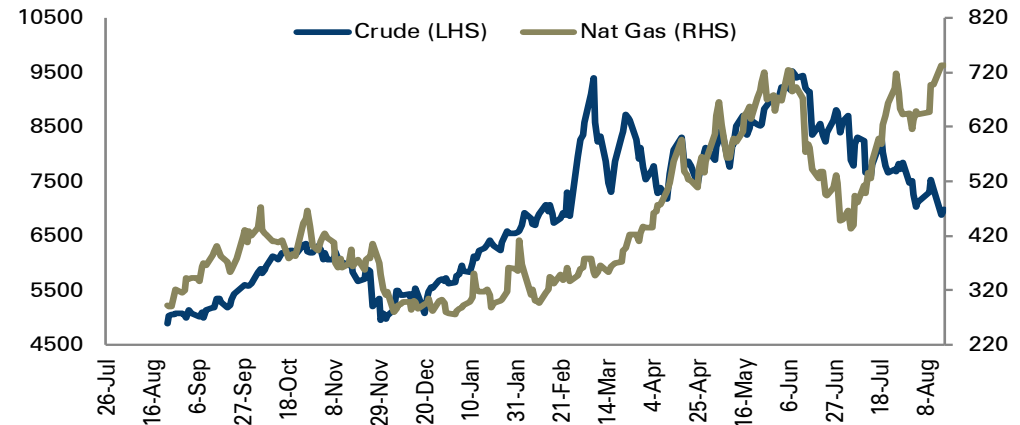
US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
17-08-2022	8:00 PM	-7.056M	-0.275M
10-08-2022	8:00 PM	5.458M	0.073M
03-08-2022	8:00 PM	4.467M	-0.629M
27-07-2022	8:00 PM	-4.523M	-1.037M
20-07-2022	8:00 PM	-0.446M	1.357M
13-07-2022	8:00 PM	3.254M	-0.154M

The Energy Information Administration's (EIA) Crude Oil Inventories measures the weekly change in the number of barrels of commercial crude oil held by US firms.

- WTI crude oil prices surged almost 1.50% on Wednesday, supported by a higher-than-expected drawdown in US crude stockpiles
- US commercial crude oil inventories dropped to 425 million barrels from 432 million barrels over the past one week
- Moreover, US crude exports hit 5 million barrels per day, the highest on record, according to EIA data as WTI has traded at a steep discount to Brent, making purchases of US crude more attractive to foreign buyers
- However, Russia has started to gradually increase its oil production after sanctions related curbs capped further gains in the oil prices
- MCX Crude prices are expected to trade in the consolidation range of ₹ 6,800 to 7,100 levels for the day
- Additionally, investors will keep an eye on natural gas storage data from the US

MCX Crude Oil vs. Natural Gas Performance



Economic Calendar



TIME (IST)	COUNTRY	DATA & EVENTS	FORECAST	PREVIOUS
6:00 PM	US	Initial Jobless Claims	265K	262K
6:00 PM	US	Philadelphia Fed Manufacturing Index (Aug)	-5.00	-12.30
7:30 PM	US	Existing Home Sales (Jul)	4.89M	5.12M

Commodities Outlook

ICICI Securities – Retail Research

Source: Bloomberg, Reuters, ICICI Direct Research

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Source: Bloomberg, Reuters, ICICI Direct Research

ANALYST CERTIFICATION

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