

January 25, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	February	Buy	6180-6200	6350	6120	Intraday
USDINR	January	Sell	83.20-83.22	83.00	83.30	Intraday

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News and Developments

- Gold prices pared all its gains and ended the day on a loosing end as US treasury yields rose after strong PMI numbers. The manufacturing PMI signaled upturn in the activity at the start of the year as output growth showed best numbers in last seven months. Service sector data also support the growth numbers and jumped to the highest level since July 2023. Meanwhile softness in the dollar checked its downside.
- The US dollar index traded lower despite strong economic numbers from US. The rise in Japanese bond yields to its highest level since December 15 weighed on the dollar to trade lower.
- Yield on benchmark US 10-year treasury note rose to 4.18% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.38%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 40.5% and prospects of no rate cut rose to 58.8% from 52.9% a day ago
- NYMEX Crude oil prices marched towards the highest level in a month amid sharp decline in US crude oil stockpiles and China's economic stimulus measures. US crude oil inventories fell by 9.23M barrels the biggest drop since August. Distillate fuel stocks also marked a decline by 1.4M barrels, where as gasoline stocks rose by 4.91M barrels last week.
- Copper prices gained more than 1% yesterday after China signaled to cut the reserve requirement ration in the coming two weeks to support the economy
- NYMEX natural gas gained more than 6% yesterday on forecast for cooler weather in the next two weeks than previously expected.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61985	0.03%	2013.89	-0.76%
Silver	71869	1.29%	22.67	1.00%
Copper	729.9	1.05%	8562.50	1.87%
Aluminium	203.2	0.02%	2229.50	0.07%
Zinc	228.1	1.72%	2584.50	2.58%
Lead	183.2	0.41%	2162.00	-0.25%
WTI Crude Oil	6253	1.21%	75.09	0.97%
US Nat Gas	213.8	7.98%	2.64	7.80%

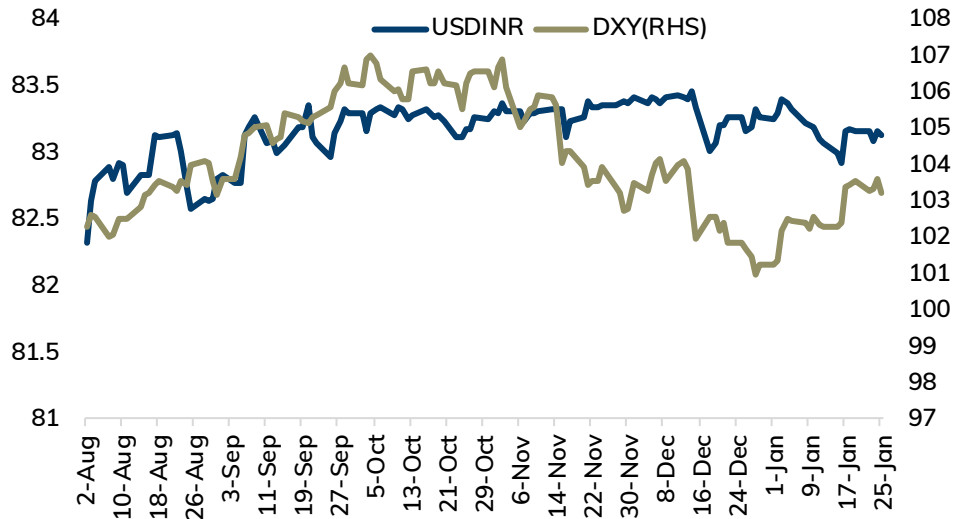
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.17	0.10%	3196251	-262750	2251390	563647
EURINR (29th Jan)	90.43	-0.05%	154321	-9946	122650	24055
GBPINR (29th Jan)	105.66	0.27%	222920	-7673	200561	8603

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude oil	February	Buy	6130-6140	6280	6050	Not Initiated
USDINR	January	Buy	83.05-83.06	83.25	82.95	Not Initiated

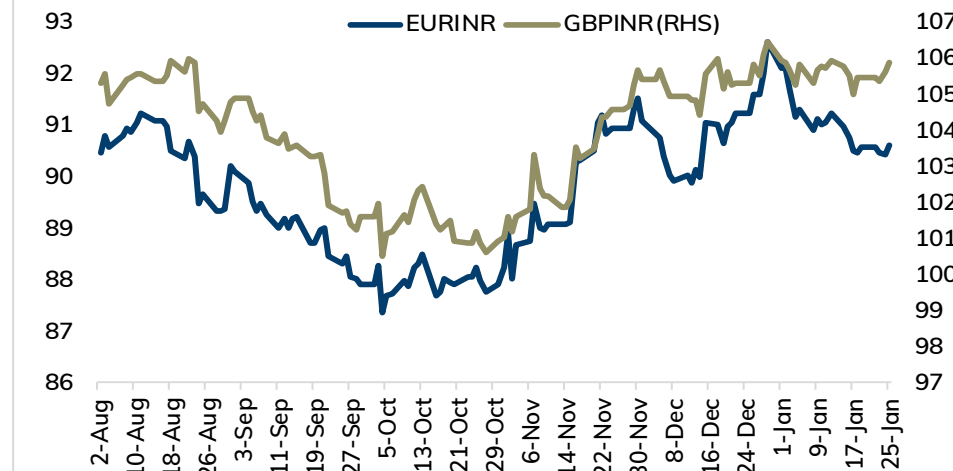
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated marginally on Wednesday amid pullback in the dollar index. Broadly it traded in a very thin range as most investors awaited key economic numbers from US this week
- Rupee is likely to appreciate towards the 83.00 mark on expectation of correction in the dollar. Forecast of lower US GDP numbers in last quarter could hurt the dollar and increase the prospects of rate cut in March. However, higher crude oil prices and outflow of funds from domestic equity markets would restrict the upside in rupee. USDINR Jan is likely to consolidate in between 83.00-83.25. Only above 83.25 it would open the doors towards 83.40. On the other hand a move below 83.00 would weaken towards 82.80 mark.

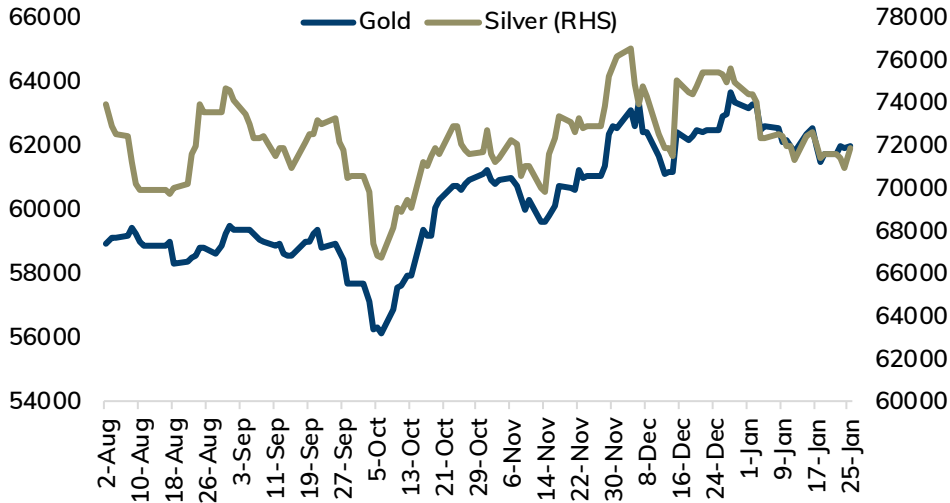
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro recouped all its losses and gained more than 0.25% yesterday amid correction in the dollar. Improved manufacturing activity in the Euro zone also supported the pair to rise towards 1.09 mark. EURUSD is likely to rise towards 1.0920 level on expectation of correction in the dollar. Meanwhile, focus will remain on ECB monetary policy and comments from the ECB president to get more clarity on future rate path. EURINR January may move higher towards 90.70 as long as it holds above 90.20.
- Pound rallied 0.30% yesterday amid improved PMI data and softness in the dollar. Better than expected economic numbers would keep BOE rate expectation in higher for longer and support the pair to trade higher. The pair is expected to rise towards 1.2760, as long as it trades above 1.2670. GBPINR is likely to hold the support of 105.30 and move towards 106.20.

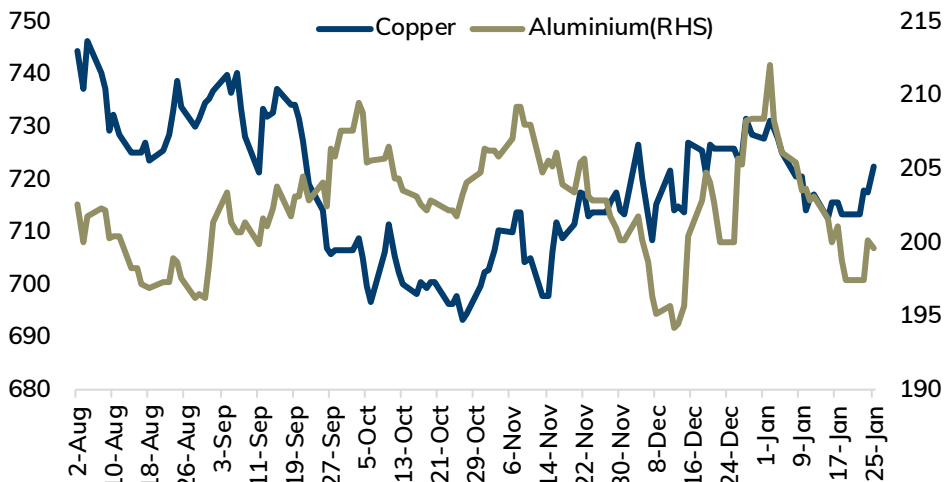
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to find support near \$2000 level and move back towards \$2035 level amid softness in the dollar. Dollar and yields may move lower on projection of disappointing GDP data, cementing expectations that US Fed is done with raising interest rates and it could go for first cut in March 2024. The Q4 2023 advance estimates are expected to dip towards 2.0% against previous reading of 4.9%. Further, Meanwhile, investors will keep an eye on key policy decisions from ECB to get more clarity on future rate path.
- MCX Gold prices is likely to find support near 61,800 and move higher towards 62,350 level. Only close below 61,800 it would weaken towards 61,500 levels
- MCX Silver is expected to follow gold and rise back towards 72,500 level as long as it sustains above 71,000 level.

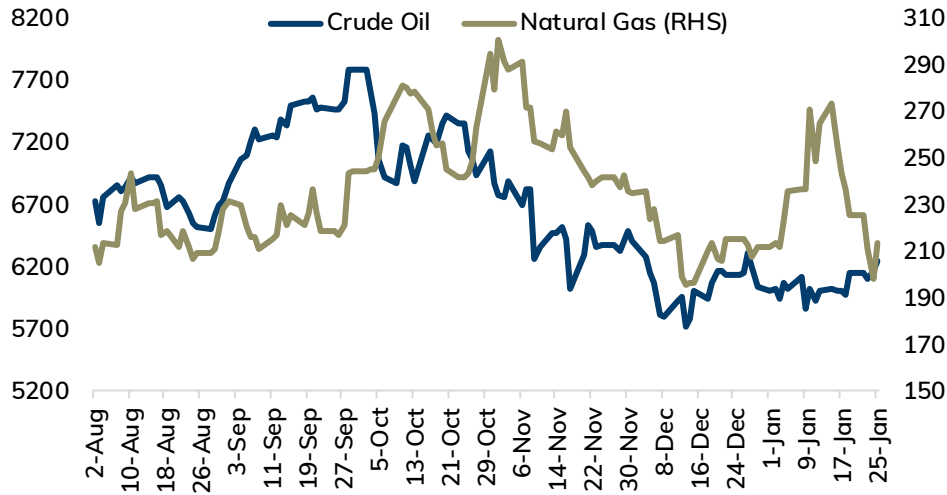
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its gains and trade with positive bias amid softness in the dollar and support from fresh stimulus measures by the Chinese government. Further, improved manufacturing activity in US and Europe and expectation of better new house sales number in US would support the metal to trade higher. However, focus will remain on ECB monetary policy and US advance GDP numbers.
- MCX Copper February is expected to find support near 726 and move higher towards 735. Only a move above 735 it would rally towards 740.
- Aluminum is expected to trade higher towards 205, as long as it holds above the 201 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move higher towards \$77 amid slump in US crude oil output and ongoing tension in the Middle east. US crude oil output fell to a five month low of 12.3bpd last week. Further, expectation of more stimulus measures from China to support its economy would push the oil prices higher. Meanwhile, focus will shift towards key economic numbers from US and ECB monetary policy.
- MCX Crude oil Feb is likely to find support near 6200 and move higher towards 6400. Only a move above 6400, it would open the doors towards 6500.
- NYMEX Natural gas is expected to extend its rebound on expectation of large drawdown in weekly EIA gas inventories. Nat-gas inventories are expected to fall -322 bcf, the third-largest recorded draw ever. MCX Natural Gas February future is expected to rise towards 196, as long as holds above 182.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61622	61804	62031	62213	62440
Silver	70313	71091	71628	72406	72943
Copper	718.7	724.3	728.1	733.7	737.4
Aluminium	200.8	202.0	204.0	205.1	207.1
Zinc	223.7	225.9	227.2	229.4	230.6
Lead	178.3	180.7	185.2	187.7	192.2
Crude Oil	6090	6171	6242	6323	6394
Nat Gas	196	205	213	221	229

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.04	83.10	83.15	83.21	83.26
US\$INR (Feb)	83.12	83.19	83.23	83.29	83.34
EURINR (Jan)	90.15	90.29	90.52	90.66	90.89
EURINR (Feb)	90.33	90.46	90.67	90.80	91.01
GBPINR (Jan)	105.43	105.55	105.72	105.84	106.01
GBPINR (Feb)	105.40	105.57	105.78	105.95	106.15
JPYINR (Jan)	55.79	56.05	56.34	56.61	56.89
JPYINR (Feb)	56.18	56.43	56.70	56.95	57.22

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.54	103.45	0.08%
US\$INR	83.12	83.14	-0.02%
EURUSD	1.0876	1.0883	-0.06%
EURINR	90.48	90.44	0.04%
GBPUSD	1.2706	1.2676	0.24%
GBPINR	105.35	105.43	-0.07%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.179	7.166	0.013
US	4.142	4.102	0.0401
Germany	2.349	2.316	0.033
UK	3.930	3.985	-0.055
Japan	0.651	0.617	0.034

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
1/24/2024	9:00 PM	-9.2M	-1.2M
1/18/2024	9:30 PM	-2.5M	-0.6M
1/10/2024	9:00 PM	1.3M	-0.2M
1/4/2024	9:00 PM	-5.5M	-3.2M
12/28/2023	9:00 PM	-7.1M	-2.7M
12/20/2023	9:00 PM	2.9M	-2.3M
12/13/2023	9:00 PM	-4.3M	-1.9M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	159575	1700	1.08%
Aluminium	548325	-6900	-1.24%
Zinc	197600	-4450	-2.20%
Lead	110350	-1875	-1.67%
Nickel	69438	-138	-0.20%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 22, 2024						
6:50 AM	China	5-y Loan Prime Rate	4.20%	4.20%	4.20%	Medium
Tuesday, January 23, 2024						
Tentative	Japan	BOJ Policy rate	-0.1%	-0.1%	-0.1%	High
8:30 PM	US	Richmond Manufacturing Index	-15.0	-7.0	-11.0	Medium
Wednesday, January 24, 2024						
2:30 PM	Europe	Flash Manufacturing PMI	46.6	44.8	44.4	Medium
2:30 PM	Europe	Flash Services PMI	48.4	49.1	44.4	Medium
3:00 PM	UK	Flash Manufacturing PMI	47.3	46.7	46.4	High
3:00 PM	UK	Flash Services PMI	53.8	53.1	53.4	High
8:15 PM	US	Flash Manufacturing PMI	50.3	47.6	47.9	High
8:15 PM	US	Flash Services PMI	52.9	51.4	51.4	High
9:00 PM	US	Crude oil Inventories	(-9.2)M	(-1.2)M	(-2.5)M	Medium
Thursday, January 25, 2024						
2:30 PM	Europe	German ifo Business Climate		86.70	86.40	Medium
6:45 PM	Europe	Main Refinancing Rate		4.5%	4.5%	High
7:00 PM	US	Advance GDP q/q		2.0%	4.9%	High
7:00 PM	US	Unemployment Claims		199k	187k	High
7:00 PM	Europe	ECB Press Conference		-	-	High
8:30 PM	US	New Home Sales		648k	590k	Medium
Friday, January 26, 2024						
12:30 AM	Europe	German GfK Consumer Climate			-25.1	Medium
7:00 PM	US	Core PCE Price Index m/m			0.1%	High
8:30 PM	US	Pending Home Sales m/m			0.0%	Medium



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