

March 7, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	March	Buy	6540-6550	6680	6470	Intraday
EURINR	March	Buy	90.18-90.20	90.50	90.00	Intraday

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News and Developments

- Spot gold prices surged to its all time high at \$2150 on Tuesday amid decline in the dollar and weakness in the US treasury yields. Prices rallied after the US ADP Non-farm payroll numbers gained less than expected. Further, comments from the Fed chair Powell also provided some support to the bullions as he said it will be appropriate to begin lowering the borrowing cost “ at some point this year”.
- The US dollar index hit its lowest level in a month as the weaker set of economic numbers raised the concerns about economic slowdown in US and increased the odds of June rate cut.
- As per the CME Fed-watch tool June rate cut bets remained above the 56% against previous reading of 55%.
- US 10-year treasury yields dipped to 4.11% and the 2-year treasury yield, which typically moves in step with interest rate moved towards 4.54%.
- NYMEX crude oil prices rallied towards the \$80 mark after the EIA data indicated crude oil supplies rose less than forecasted and gasoline stockpiles fell more than expected last week. Further, unexpected rise in oil prices by Saudi Arabia to its main grade for buyers in Asia also supported the prices to trade higher. Moreover, weakness in dollar amid hopes of rate cut in this year strengthened the bullish bets.
- Copper prices recouped its earlier losses and gained more than 0.50% on Wednesday amid weakness in the dollar. Prices found support after the Fed chair Powell commented to cut the rates later this year. Further, depleting stocks in LME supported the red metal to erase all its losses.
- Natural gas prices edged higher on expectation of lower production from the top gas producers in US to counter lower demand.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	65178	0.51%	2148.18	0.95%
Silver	74138	2.60%	24.17	2.10%
Copper	730.8	0.64%	8577.00	1.01%
Aluminium	201.6	-0.10%	2235.00	0.29%
Zinc	218.6	0.69%	2494.50	1.61%
Lead	179.3	0.28%	2065.50	0.93%
WTI Crude Oil	6600	1.84%	79.13	1.25%
US Nat Gas	161.3	0.81%	1.93	-1.43%

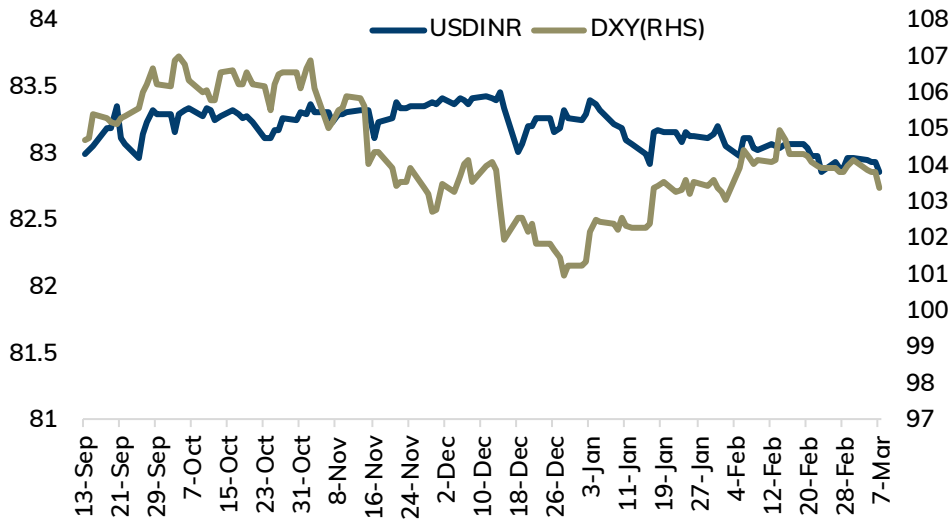
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	82.87	-0.09%	2641568	-31398	1463906	499839
EURINR (26th Mar)	90.17	0.12%	116066	2388	90710	22537
GBPINR (26th Mar)	105.41	0.19%	232712	24569	189238	50558

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	March	Sell	729-729.50	723	733	Stop Loss Triggered
USDINR	March	Sell	82.95-82.96	82.82	83.02	Not Initiated

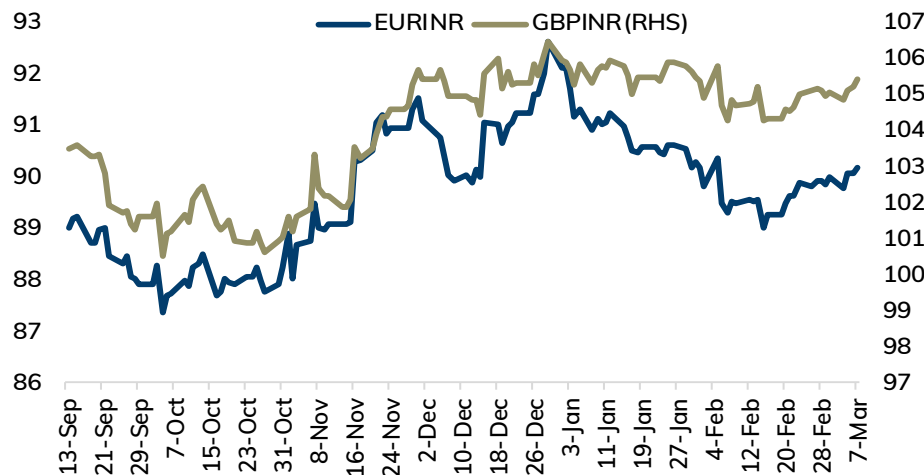
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated yesterday due to weakness in dollar and rise in risk appetite in the domestic markets. Meanwhile, investors remained vigilant ahead of testimony from Federal Reserve Chair Jerome Powell before US lawmakers.
- Rupee is likely to appreciate today amid weak dollar and softening of US treasury yields. Dollar is moving south as US Fed Chair Powell said rate cuts will likely be appropriate later this year if economy evolves broadly as expected. Additionally, data pointed an easing of labor market conditions. ADP employment report showed companies hired fewer workers than expected. Moreover, FII inflows will aid rupee to gain further strength. USDINR March likely to slip towards 82.80 levels as long as it sustains below 82.95 levels

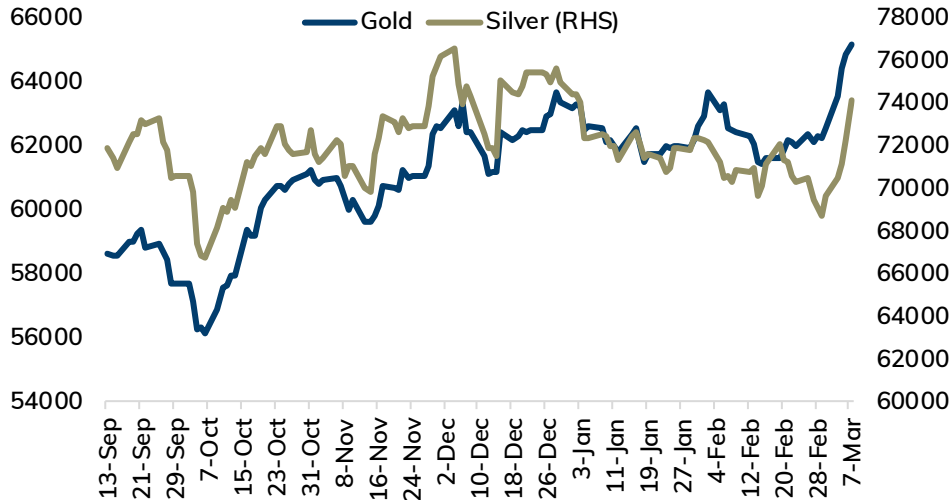
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged higher by 0.39% yesterday amid weak dollar and better than expected German trade data. For today, EURUSD is likely to hold the support near 1.0860 level and rise towards 1.0930 level amid soft dollar and optimistic global market sentiments. Additionally, investors will keep an eye on ECB monetary policy, where central bank is likely to hold rates at record high. More focus will be on statements from ECB to get fresh cues about when rate cuts may begin. EURINR March may rise towards 90.50 level as long as it trades above 90.00 levels
- Pound is expected to rise further towards 1.2770 level amid soft dollar and rise in risk appetite in the global markets. Further, sterling may move up as Finance Minister Jeremy Hunt offered no surprises in his statement, budget was much in line with market expectations. GBPINR March is likely to move north towards 105.60 level as long as it stays above 105.20 levels

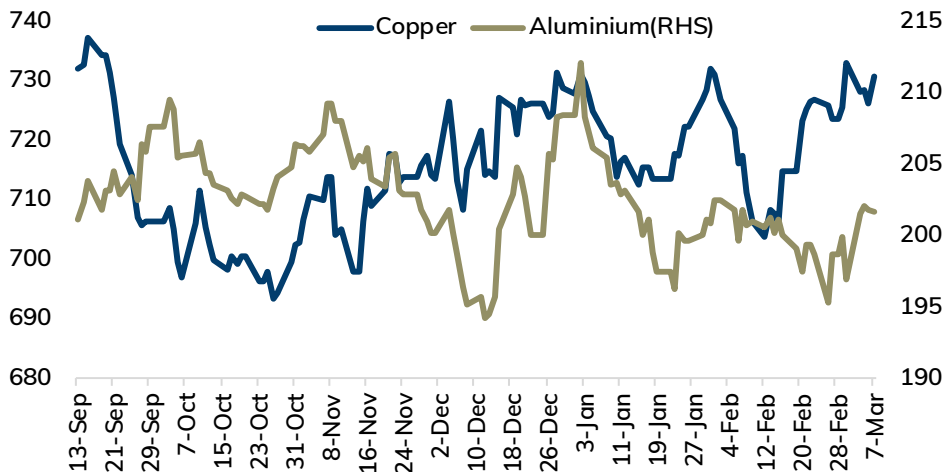
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to hold the support of \$2120 and extend its rally towards \$2164, amid softness in the dollar and decline in US treasury yields. The US dollar index is expected to remain under pressure amid growing bets of rate cut in June. Further, expectation of weaker economic numbers and increasing bets of safe haven demand would also support the bullions to hold firm. Meanwhile, focus will shift towards Friday's key US payroll data which could provide further clarity on timing of rate cut in US.
- MCX Gold April price is expected to hold the support near 64700 and extend its rally towards 65400. Above 65400, it would test 65800.
- MCX Silver May is likely to hold support near 73,400 and rise towards 74,800. A move above 74,800 would open the doors towards 75,500.

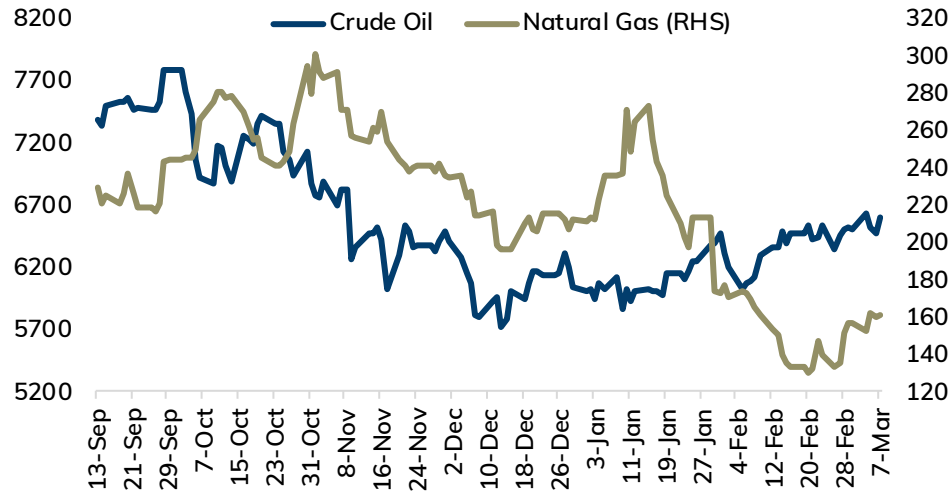
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade higher amid softness in the dollar and depleting inventory levels in LME. Further, expectation of improved trade balance numbers from China would also support the red metals to hold firm. Meanwhile, sluggish growth in the housing sector in China would restrict any major upside in the metal.
- MCX Copper March is expected to move in the band of 725 and 735 with higher bias. Only close below 725, it would slide towards 720.
- Aluminum March future is expected to hold the support near 200 and extend its rebound towards 203. Above 203 it would rise towards 205.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold support near \$78 and move higher towards \$81 amid improving demand and escalating geopolitical tension in the Mideast. Increasing bets of rate cut later this year would support the bulls to take control. Further, rise in refinery activity in US after an extended winter and maintenance break is likely to further tighten crude oil markets. Moreover, tension in the Red Sea would also add risk premium to the oil prices.
- MCX Crude oil March is expected to find support near 6470 and rise towards 6700. Only close below 6470 it would turn weaker.
- MCX Natural gas March futures is expected to move in the band of 155 to 165. Only a sustained move above 165 it would open the doors towards 172.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	64465	64821	65036	65392	65607
Silver	72582	73360	73800	74578	75018
Copper	722.9	726.9	729.9	733.9	736.9
Aluminium	200.8	201.2	201.8	202.2	202.9
Zinc	216.1	217.4	218.3	219.6	220.5
Lead	177.9	178.6	179.1	179.8	180.3
Crude Oil	6398	6499	6585	6686	6772
Nat Gas	154	158	161	165	168

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.79	82.83	82.88	82.92	82.97
US\$INR (Apr)	82.90	82.94	82.99	83.03	83.08
EURINR (Mar)	89.95	90.06	90.13	90.24	90.31
EURINR (Apr)	90.15	90.24	90.31	90.40	90.47
GBPINR (Mar)	105.13	105.27	105.39	105.53	105.65
GBPINR (Apr)	105.27	105.38	105.48	105.59	105.70
JPYINR (Mar)	55.37	55.48	55.61	55.72	55.86
JPYINR (Apr)	55.82	55.91	56.03	56.13	56.25

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.37	103.80	-0.41%
US\$INR	82.83	82.89	-0.08%
EURUSD	1.0899	1.0857	0.39%
EURINR	90.10	89.96	0.15%
GBPUSD	1.2731	1.2705	0.20%
GBPINR	105.46	105.16	0.29%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.055	7.057	-0.002
US	4.102	4.153	-0.0505
Germany	2.322	2.323	-0.001
UK	3.991	4.011	-0.02
Japan	0.717	0.707	0.01

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/6/2024	9:00 PM	1.4M	2.4M
2/28/2024	9:00 PM	4.2M	3.1M
2/22/2024	9:30 PM	3.5M	3.9M
2/14/2024	9:00 PM	12.0M	3.3M
2/7/2024	9:00 PM	5.5M	1.7M
1/31/2024	9:00 PM	1.2M	-0.8M
1/24/2024	9:00 PM	-9.2M	-1.2M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	113775	-300	-0.26%
Aluminium	581900	-1800	-0.31%
Zinc	274900	-250	-0.09%
Lead	191800	4050	2.16%
Nickel	73914	-30	-0.04%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 04, 2024						
3:00 PM	Europe	Sentix Investor Confidence	-10.5	-10.8	-12.9	Medium
Tuesday, March 05, 2024						
5:00 AM	Japan	Tokyo Core CPI y/y	2.50%	2.50%	1.60%	Medium
7:15 AM	China	Caixin Services PMI	52.5	52.9	52.7	Medium
8:30 PM	US	ISM Services PMI	52.6	52.9	53.4	High
Wednesday, March 06, 2024						
3:00 PM	UK	Construction PMI	49.7	49	48.8	Medium
6:45 PM	US	ADP Non-Farm Employment Change	140K	145K	107K	High
8:30 PM	US	Fed Chair Powell Testifies	-	-	-	High
8:30 PM	US	JOLTS Job Openings	8.86M	8.90M	9.03M	High
9:00 PM	US	Crude Oil Inventories	1.4M	2.4M	4.2M	Medium
Thursday, March 07, 2024						
Tentative	China	Trade Balance	-	620B	541B	Medium
12:30 PM	Europe	German Factory Orders m/m	-	-6%	8.90%	High
6:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
7:00 PM	US	Unemployment Claims	-	212K	215K	High
8:30 PM	US	Fed Chair Powell Testifies	-	-	-	High
9:00 PM	US	Natural Gas Storage	-	-	-96B	Medium
Friday, March 08, 2024						
12:30 PM	Europe	German Industrial Production m/m	-	0.50%	-1.60%	Medium
7:00 AM	US	Average Hourly Earnings m/m	-	0.20%	0.60%	High
7:00 AM	US	Non-Farm Employment Change	-	190K	353K	High
7:00 AM	US	Unemployment Rate	-	3.70%	3.70%	High



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