

January 19, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude oil	February	Buy	6090-6100	6250	6000	Intraday
GBPINR	January	Buy	105.40-105.42	105.80	105.20	Intraday

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News and Developments

- Spot gold prices rallied by 0.84% yesterday amid rise in demand for safe haven following mounting tension in Middle East after Pakistan fired a retaliatory strike at Iran. Meanwhile, sharp upside was capped due to firm dollar and as treasury yields were mixed
- Dollar climbed for 5th straight session yesterday after fresh economic data from US signaled resilience in the economy, lowering market expectations of rate cut in March by US Federal Reserve
- Initial claims for state unemployment benefits dropped 16,000 to a seasonally adjusted 187,000 for the week ended 13th January, the lowest level since September 2022
- As per CME Fedwatch tool, expectations for Fed to cut rate in March rose to 55.8% from 53.8% a day ago while, prospects of no rate cut fell to 43.1% from 44.6% a day ago
- Yield on benchmark US 10-year treasury note rose to 4.146% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.355%. Yields remained firm after data showed job growth remains solid, diminishing expectations for imminent rate cuts from US Federal Reserve
- Crude oil prices edged higher yesterday as the International Energy Agency also forecasted strong growth in global oil demand. Further, prices rallied as severe cold disrupted some US oil production. Additionally, EIA weekly report showed larger than expected draw in crude oil inventories of 2.5 million barrels
- Copper prices moved south amid firm dollar and worries over Chinese economic growth. Further, investors continued to worry over property sector as sales in the debt-heavy property sector continued to decline

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61769	0.43%	2023.34	0.85%
Silver	71615	0.22%	22.74	0.82%
Copper	713.4	0.01%	8310.00	0.51%
Aluminium	197.5	-0.65%	2163.50	-0.67%
Zinc	219.5	-0.41%	2462.50	-0.14%
Lead	180.3	-0.08%	2076.50	0.61%
WTI Crude Oil	6152	3.01%	74.08	2.09%
US Nat Gas	225.5	-4.65%	2.70	-6.03%

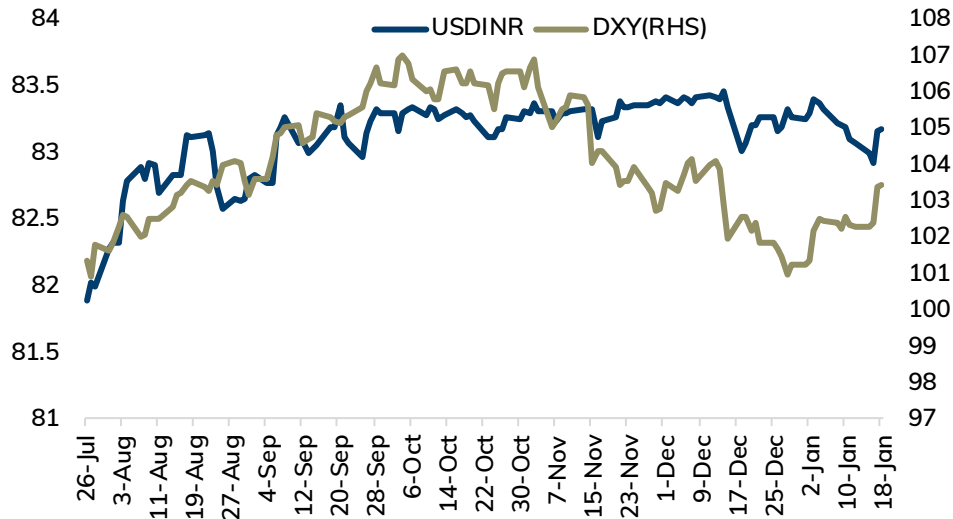
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.16	-0.02%	3492877	-94470	2132684	-175474
EURINR (29th Jan)	90.60	0.12%	166762	-4310	142648	-19047
GBPINR (29th Jan)	105.51	0.04%	232166	1645	170704	-137774

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	January	Sell	715-715.50	708	719	Profit Booked
GBPINR	January	Buy	05.30-105.32	105.70	105.10	Not Initiated

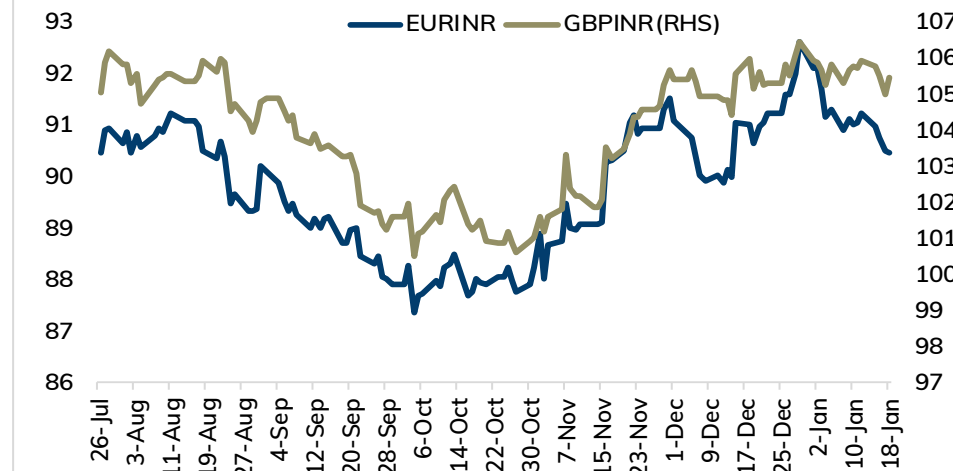
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated marginally after oscillating in a tight range on Thursday despite weakness in the domestic equity markets and rising crude oil prices. The rupee settled at 83.1225 against 83.1375 in the previous session.
- Rupee is likely to remain under pressure amid strong dollar and higher treasury yields. Improved economic numbers from US and hawkish comments from the Fed members would force the Federal reserve to hold its rates higher for longer. Meanwhile, strong GDP forecast by RBI would limit the downside in rupee. USDINR Jan is likely to consolidate in the range of 83.00-83.25. Only close above 83.25 would open the upside in the pair towards 83.40. Likewise, a move below 83.00 would test 82.80.

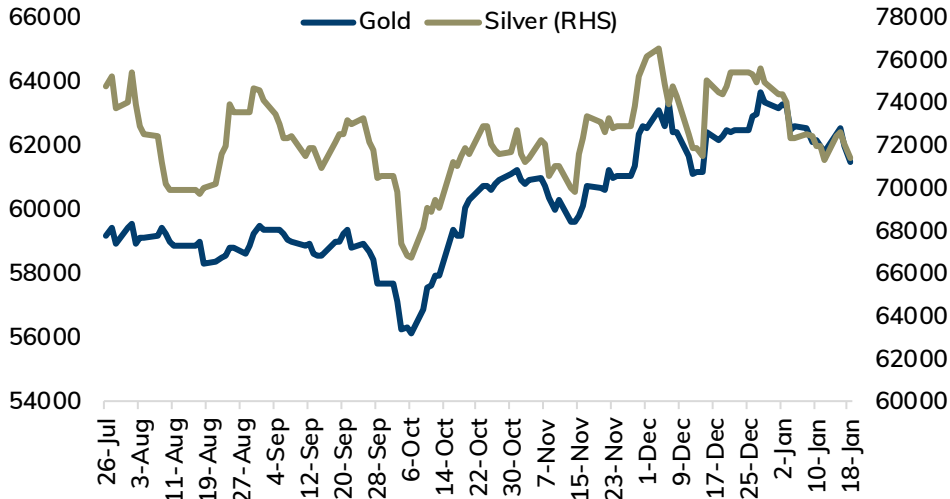
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro remained under pressure yesterday amid strong dollar, The pair pared its earlier gains as weaker economic numbers weighed on the Euro. However, hawkish comments from the ECB members restricted its downside. For today, EURUSD is likely to move in a tight range with a tilt towards south amid strong dollar and weak economic numbers from Eurozone. Meanwhile, investors will keep an eye on the comments from ECB president to get more clarity on interest rate path. The pair is expected to consolidate in the range of 1.0920-1.0840. EURINR Jan may face the hurdle near 90.80 and weaken towards 90.30 levels.
- Pound reversed its losses and gained more than 0.20% yesterday as higher inflation numbers in the region pushed the probability of rate cuts. The pair is expected to hold the support at 1.2640 and move back towards 1.2740. GBPINR Jan is likely to move north towards 106.00 level as long as it stays above 105.30 levels.

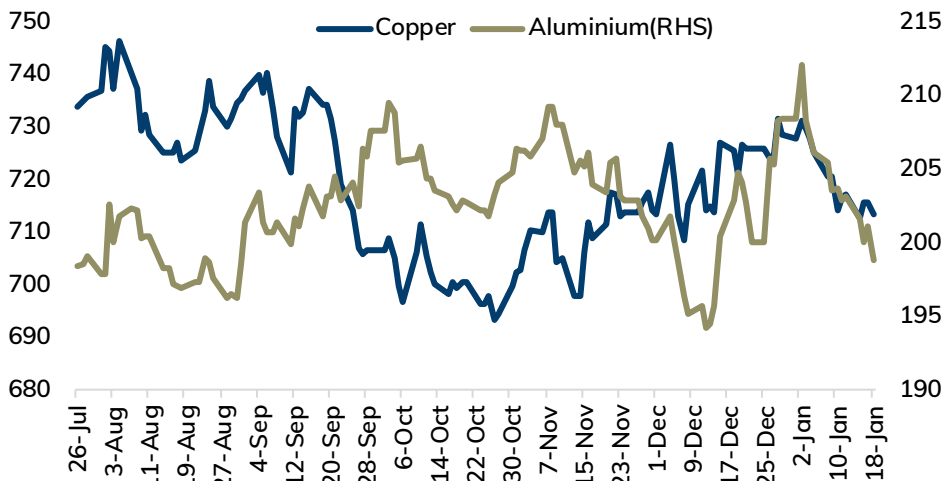
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face hurdle near \$2035 level and slip back towards \$2010 level amid strong dollar and rise in US treasury yields. Recent batch of economic data from US showed resilience in the economy, diminishing expectations for imminent rate cuts from US Federal Reserve. Moreover, prices may slip on projections of improved economic data from US. Additionally, hawkish chorus from major central bankers dialed back expectations for rate cuts. Meanwhile, demand for safe haven may continue to rise on escalating tension in Middle East
- MCX Gold prices is likely to face hurdle near 62,000 level and slip towards 61,450 levels
- MCX Silver is expected to follow gold and slip back towards 71,000 level as long as it sustains below 72,000 level.

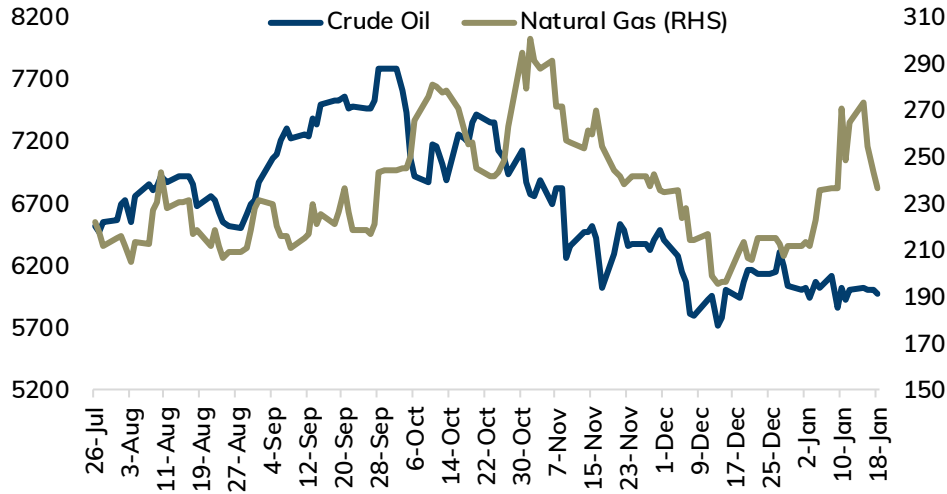
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar, rise in stockpiles at LME registered warehouses and worries about China's economic growth. Further, investors fear that higher borrowing cost for longer duration will hurt global economic growth and dent demand for industrial metal. Officials from major central banks pushed back against market expectations of imminent interest rate cuts.
- MCX Copper is expected to slip towards 708 level as long as it stays below 717 level. A move above 717 would reverse the trend and open the doors for 720 levels.
- Aluminum is expected to slip further towards 196 level as long as it stays below 198.50 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$72 and rise towards \$75 level as OPEC and IEA forecasted strong growth in global oil demand. Further, investors fear over escalating tension in Middle East after Pakistan fired a retaliatory strike at Iran and Yemeni Houthi vowed to keep attacking ships in Red Sea. Moreover, in the US, about 40% of oil output in North Dakota's oil output remained shut in due to extreme cold weather and operational challenges. However, sharp upside may be capped on strong dollar, amid growing doubts that US Fed will cut interest rates as soon as March 2024
- MCX Crude oil Feb is likely to rise further towards 6250 levels as long as it trades above 6000 levels.
- MCX Natural gas is expected to slip further towards 218 level as long as it trades below 230 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61366	61567	61684	61885	62002
Silver	70964	71289	71474	71799	71984
Copper	707.9	710.6	713.3	716.0	718.7
Aluminium	196.2	196.8	198.0	198.6	199.8
Zinc	217.1	218.3	219.6	220.8	222.2
Lead	178.3	179.3	180.1	181.0	181.8
Crude Oil	5935	6044	6108	6217	6281
Nat Gas	210	218	232	240	254

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.09	83.12	83.17	83.20	83.25
US\$INR (Feb)	83.18	83.21	83.25	83.28	83.32
EURINR (Jan)	90.42	90.51	90.63	90.72	90.84
EURINR (Feb)	90.59	90.67	90.78	90.86	90.97
GBPINR (Jan)	105.24	105.37	105.50	105.64	105.77
GBPINR (Feb)	105.36	105.47	105.59	105.71	105.83
JPYINR (Jan)	56.19	56.27	56.36	56.44	56.52
JPYINR (Feb)	56.55	56.62	56.71	56.79	56.88

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
1/18/2024	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
12/6/2023	9:00 PM	-4.6M	-1.3M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	157325	3250	2.11%
Aluminium	556300	-1375	-0.25%
Zinc	204125	-1575	-0.77%
Lead	112625	-1725	-1.51%
Nickel	69438	-72	-0.10%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 15, 2024						
3:30 PM	Europe	Industrial Production m/m	-0.30%	-0.30%	-0.70%	Medium
Tuesday, January 16, 2024						
12:30 PM	UK	Claimant Count Change	11.7k	18.1k	16.0k	High
12:30 PM	UK	Average Earnings Index 3m/y	6.5%	6.9%	7.2%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	15	12	13	Medium
7:00 PM	US	Empire State Manufacturing Index	-43.7	-4.9	-14.5	High
Wednesday, January 17, 2024						
7:30 AM	China	GDP q/y	5.2%	5.3%	4.9%	High
7:30 AM	China	Industrial Production y/y	6.8%	6.8%	6.6%	High
12:30 PM	UK	CPI y/y	4.00%	3.80%	3.90%	High
3:30 PM	Europe	Final CPI y/y	2.9%	2.9%	2.9%	High
7:00 AM	US	Retail Sales m/m	0.6%	0.4%	0.3%	High
7:45 AM	US	Industrial Production m/m	0.1%	-0.1%	0.2%	Medium
Thursday, January 18, 2024						
7:00 PM	US	Building Permits	1.50M	1.47M	1.47M	Medium
7:00 PM	US	Unemployment Claims	187k	204k	202k	Medium
7:00 PM	US	Philly Fed Manufacturing Index	-10.6	-6.9	-10.5	Medium
9:30 PM	US	Crude Oil Inventories	(-2.5)M	(-0.6)M	1.3M	Medium
Friday, January 19, 2024						
12:30 AM	UK	Retail Sales m/m		-0.5%	1.3%	High
8:30 PM	US	Prelim UoM Consumer Sentiment		69.30	69.70	High
8:30 PM	US	Existing Home Sales		3.83M	3.82M	Medium
8:30 PM	US	Prelim UoM Inflation Expectations		-	3.1%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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