

December 29, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	January	Sell	6080-6100	5900	6200	Intraday
USDINR	January	Sell	83.27-83.28	83.09	83.39	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadam

saif.mukadam@icicisecurities.com

Anup Sahu

anup.sahu@icicisecurities.com

News and Developments

- Gold prices edged lower on Thursday after hitting the highest level in 3 weeks amid recovery in the dollar and US treasury yields. Meanwhile, weaker set of economic numbers from US supported the bullions to trim its losses.
- US weekly jobless claims numbers rose by 12k from last weeks reading of 206k. Meanwhile, pending home sales numbers remained identical to those in October.
- US 10 year treasury yields traded above the 3.82% mark and the 2 year yields remained near 4.27%.
- The CME Fed-Watch tool indicates more than 74% probability of a 25 bps cut in March and rate cut in May gone up to 72%.
- NYMEX Crude oil futures shed almost 2% on Thursday despite a sharp decline in weekly crude oil inventory levels. Last week crude oil inventories declined by 7.1M barrels and the gasoline stocks also declined by 0.57M barrels. Prices remained under pressure due to ease of concerns over shipping disruptions along the Red Sea.
- Base metal prices retreated from the highest level in near 3 months on Thursday amid rebound in the dollar index and profit booking by the investors ahead of the year-end.
- NYMEX natural gas futures gained more than 2% on Thursday after EIA reported a bigger than expected storage draw. Last week natural gas stocks declined by 87 bcf against forecast 79 bcf decline. Further, increasing export demand also supported the gas prices to hold its gains.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63389	-0.45%	2065.61	-0.57%
Silver	74959	-0.91%	23.97	-1.20%
Copper	734.7	-0.62%	8624.50	-0.76%
Aluminium	211.2	-0.42%	2378.00	-0.38%
Zinc	232.0	-0.19%	2641.00	-0.02%
Lead	183.1	-0.14%	2086.50	0.00%
WTI Crude Oil	6048	-2.62%	71.77	-3.16%
US Nat Gas	212.3	2.36%	2.56	-2.37%

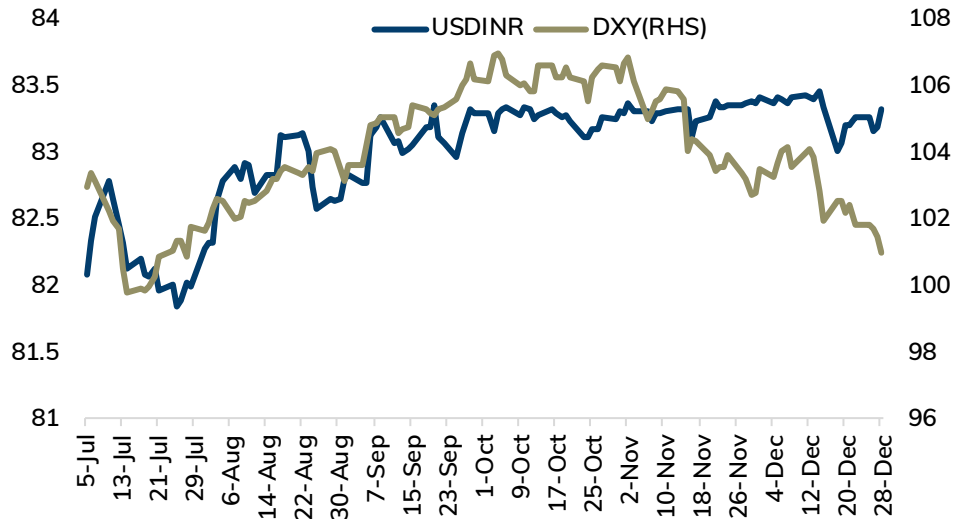
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.27	-0.06%	3904949	1962931	2196176	330232
EURINR (27th Dec)	92.64	0.68%	394371	348433	230756	113931
GBPINR (27th Dec)	106.48	0.37%	296996	242830	212494	25600

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	63150-63200	63750	62900	Exit in Loss
EURINR	January	Buy	92.48-92.50	92.90	92.30	Profit Booked

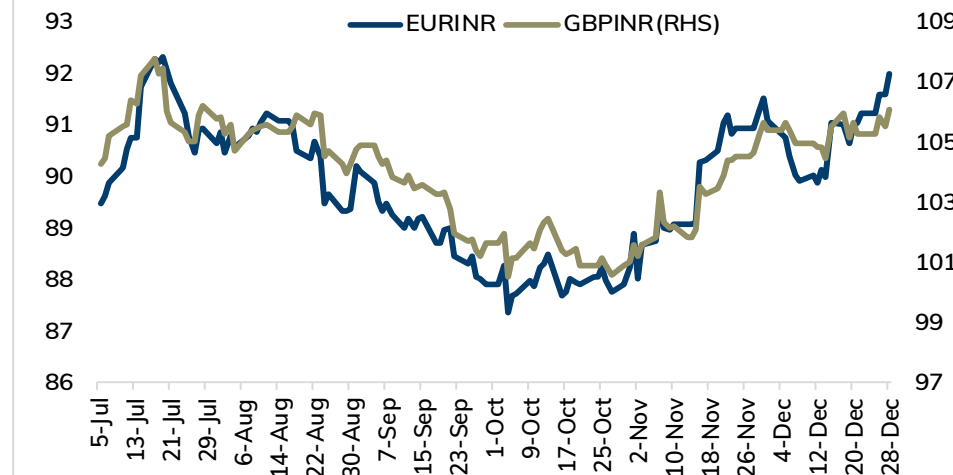
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated yesterday amid weak dollar and decline in crude oil prices. Further, rupee gained strength on rise in risk appetite in the domestic markets and persistent FII inflows.
- Rupee is likely to appreciate today amid expectation of further correction in dollar and softening of US treasury yields across curve. Dollar will slip as recent job data showed American filling for jobless claims rose last week, indicating crack in labor market, boosting confidence that Fed will deliver a series of rate cuts next year. Moreover, US pending home sales figures held at their lowest level since 2001 despite falling mortgage rates. Additionally, positive domestic market sentiments, softening of crude oil prices and persistent FII inflows will aid rupee. USDINR Jan may slip towards 83.09 level as long as it stays below 83.39 level

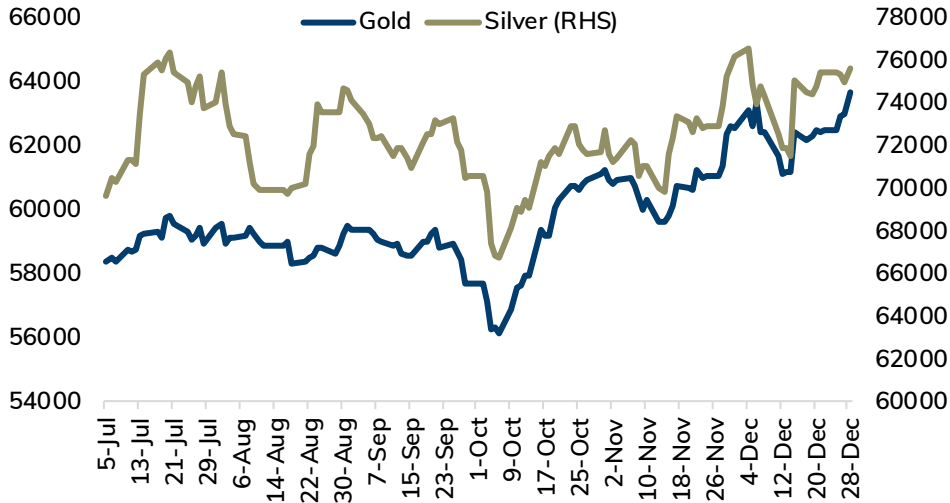
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro fell from 5-moth high and declined by 0.39% yesterday amid rebound in dollar. Meanwhile, sharp downside was cushioned on hawkish comments from ECB Governing council member Holzmann. He said its too early for the ECB to think about rate cuts now and there is no guarantee for rate cuts in 2024. For today, EURUSD is likely to hold the support near 1.1020 level and rise back towards 1.1105 level amid expectation of correction in dollar and hawkish comments from ECB governing council members. Meanwhile, investors will remain cautious ahead of inflation data from Spain to get cues on interest rate outlook. EURINR Jan may rise back towards 92.70 level as long as it trades above 92.00 levels.
- Pound is likely to edged higher towards 1.2770 levels amid expectation of correction in dollar. Meanwhile, investors will remain cautious ahead of economic data from Britain to gauge economic health. GBPINR Jan is likely to move north towards 106.50 level as long as it stays above 105.80 levels

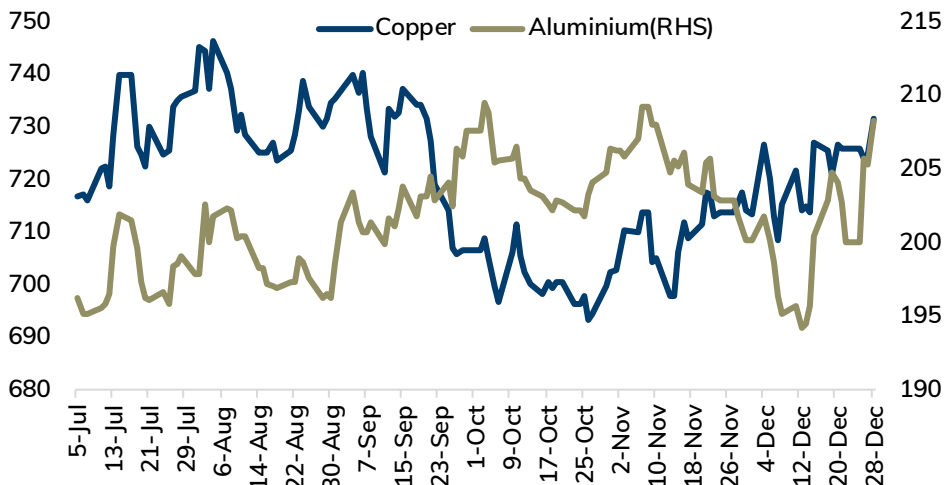
MCX Gold vs. Silver



Bullion Outlook

- Gold prices are likely to find support near \$2060 and move back towards \$2084 on expectation of softness in the US dollar and US treasury yields. Further, weaker set of economic numbers from the US would also support the bullions to trim its yesterday's losses. Additionally, the probability of rate cut in March has gone up to 74%, which could provide the necessary fuel to the bullions to hold its ground. Meanwhile, gains in the metal could be capped as most investors will look to book their profit ahead of the last trading day of the year.
- MCX gold is expected to rise towards 63,600, as long as it holds above 63,000.
- MCX silver is likely to rise towards 75800, as long as it trades above the 10 day EMA at 74,810. Only close below 74,800, it would slide towards 74200.

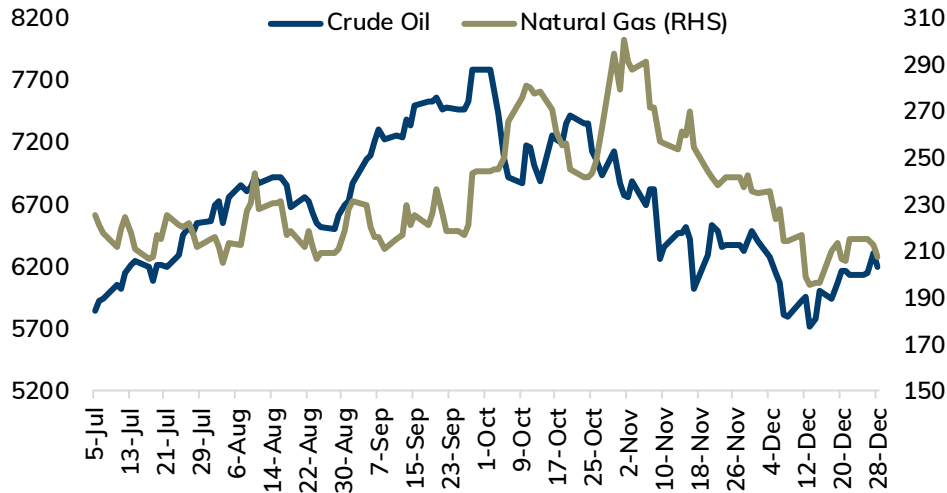
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its ground and erase its yesterday's losses on expectation of fresh round of stimulus from China. Further, depleting stocks in SHFE and persistence supply concerns would help the red metal to end the year on a higher note. Additionally, softness in the dollar would also provide some help to the red metal.
- MCX Copper January is expected to find the floor near 730 and move back towards 740. Only close below 730 would weaken it towards 726.
- Aluminum is expected to face the hurdle near 213 and weaken towards 209.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are likely to remain under pressure amid easing concerns in the Red Sea. More shipping companies has agreed to transit through the Red sea. Meanwhile, reduction in oil inventory last week could limit more downside in the prices. NYMEX crude is expected to remain in the band of \$71 and \$73.80. Only move below \$71, it would weaken further towards the \$69 mark.
- MCX Crude oil January is likely to move in the range 5900-6200. Only close below 5900, would weaken it again towards the 5800 mark.
- MCX Natural gas January future is likely to find the support near 204 and move towards 215. NYMEX gas is expected to rise towards 2.64 MMBtu on forecast of improved export demand and cooler weather in the first week of January in US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	63026	63208	63514	63696	64002
Silver	74311	74635	75189	75513	76067
Copper	730.2	732.5	736.3	738.6	742.4
Aluminium	208.4	209.8	211.5	212.9	214.7
Zinc	230.0	231.0	232.1	233.1	234.2
Lead	182.3	182.7	183.1	183.5	183.9
Crude Oil	5925	5987	6093	6155	6261
Nat Gas	198	205	209	217	221

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.15	83.21	83.30	83.36	83.46
US\$INR (Feb)	83.23	83.29	83.38	83.44	83.53
EURINR (Jan)	92.38	92.51	92.62	92.75	92.86
EURINR (Feb)	92.49	92.62	92.73	92.86	92.96
GBPINR (Jan)	106.26	106.37	106.55	106.66	106.84
GBPINR (Feb)	106.14	106.34	106.60	106.80	107.05
JPYINR (Jan)	59.04	59.23	59.35	59.54	59.66
JPYINR (Feb)	59.43	59.60	59.70	59.87	59.97

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.23	100.99	0.24%
US\$INR	83.17	83.35	-0.21%
EURUSD	1.1061	1.1105	-0.40%
EURINR	92.58	92.14	0.48%
GBPUSD	1.2733	1.2798	-0.51%
GBPINR	106.42	106.03	0.37%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.211	7.207	0.004
US	3.844	3.794	0.0499
Germany	1.944	1.895	0.049
UK	3.493	3.436	0.057
Japan	0.595	0.611	-0.016

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 PM	3.6M	2.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	166775	1725	1.05%
Aluminium	551050	27325	5.22%
Zinc	222125	-5250	-2.31%
Lead	124550	-3200	-2.50%
Nickel	62022	4218	7.30%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 25, 2023						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, December 26, 2023						
7:30 PM	US	S&P/CS Composite-20 HPI y/y	4.90%	5.00%	3.90%	Medium
Wednesday, December 27, 2023						
8:30 PM	US	Richmond Manufacturing Index	-11	-7	-5	Medium
Thursday, December 28, 2023						
7:00 PM	US	Unemployment Claims	218K	211K	205K	High
7:00 PM	US	Goods Trade Balance	-90.3B	-88.4B	-89.6B	Medium
8:30 PM	US	Pending Home Sales m/m	0.00%	1.10%	-1.50%	Medium
9:00 PM	US	Natural Gas Storage	-87B	-80B	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-7.1B	-2.7B	2.9M	Medium
Friday, December 29, 2023						
1:30 PM	Europe	Spanish Flash CPI y/y	-	3.2%	3.2%	Medium
8:15 PM	US	Chicago PMI	-	50.5	55.8	Medium



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

I/We, , Raj Deepak Singh BE, MBA (Finance), Saif Mukadam BSc, MMS (Finance), Anup Sahu BSc, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.