

May 16, 2024

Daily Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Silver Mini	June	Buy	86600-86700	87900	85750	Intraday

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News and Developments

- Spot gold prices hit its 3-week high amid weakness in US dollar and decline in treasury yields after the US consumer prices rose less than expected in April. U.S. CPI rose 0.3% last month after advancing 0.4% in March and February, suggesting that inflation resumed its downward trend at the start of the second quarter.
- US dollar index and treasury yields traded lower yesterday after US consumer inflation numbers remained largely as expected in April, increasing the bets that the Fed will cut its interest rates twice this year. Further weaker set of economic numbers from US also weighed on the dollar.
- US Apr CPI eased to +3.4% YoY from +3.5% YoY in March, right on expectations. Apr core CPI eased to +3.6% YoY from +3.8% YoY in March, right on expectations and the smallest increase in 3 years
- US treasury yields settled lower yesterday. 10 year yield hit 4.34% its lowest level in a month and 2 year yields slide to 4.73% mark.
- NYMEX crude oil prices rebounded from its two month lows amid softness in the dollar and fall in EIA inventory. Weekly EIA crude oil inventories declined by 2.5M barrels against expectation of decline by 0.4M barrels. Earlier oil prices lost almost 1.5% after the EIA lowered its 2024 global crude oil demand forecast. Further, disagreement between OPEC+ nations to extend its production cuts beyond the 2nd half of the year also checked its upside.
- Copper prices extended its gains on Wednesday amid weaker dollar and bullish demand outlook.
- Natural gas futures held its gains as lower production and improved export numbers outweighed the higher inventory. Further forecast of warmer weather for next two weeks also raised the demand hopes. US gas production is down about 10% so far in 2024 after several energy firms delayed well completions and cut back on other drilling activities

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	73102	1.11%	2385.99	1.18%
Silver	86865	1.70%	29.67	3.68%
Copper	892.0	0.88%	10219.00	1.04%
Aluminium	237.7	1.58%	2598.50	1.86%
Zinc	262.0	-0.78%	2976.00	-0.92%
Lead	194.4	-0.33%	2270.00	0.49%
WTI Crude Oil	6551	0.60%	78.63	0.78%
US Nat Gas	198.9	0.61%	2.42	3.07%

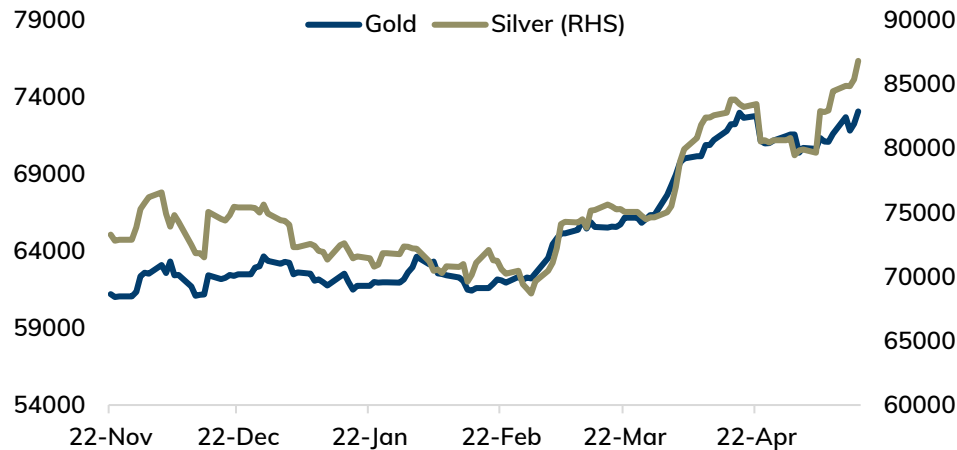
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	83.54	-0.01%	3103700	23279	278395	60245
EURINR (29th May)	90.35	0.27%	21532	4252	5589	2741
GBPINR (29th May)	105.20	0.38%	16209	3649	6477	2179

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	May	Buy	883-884	892	878	Target Achieved

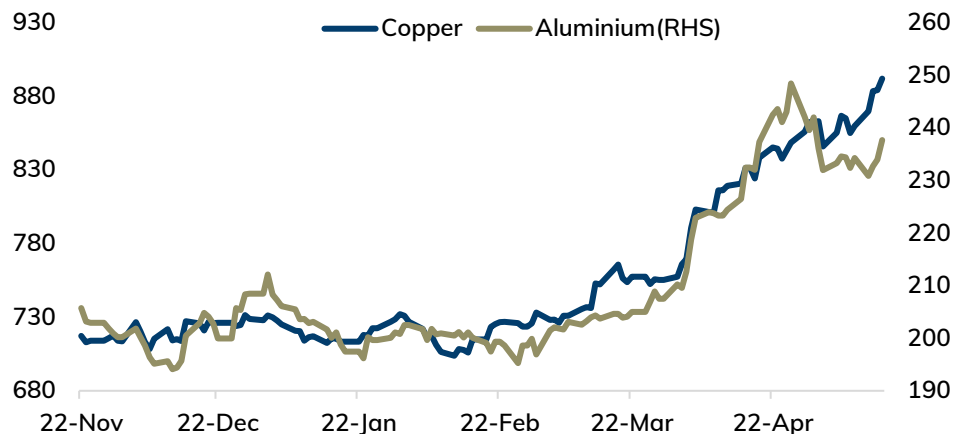
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to hold its gains and move towards \$2410 on expectation that Federal Reserve might go for two rate cuts in this year. Recent batch of mixed economic numbers from US and decline in inflation numbers would force the Fed to go for rate cuts in September. Further, forecast of rise in weekly jobless claims numbers and weaker economic numbers in US would support the bullions to trade higher. Moreover, geopolitical risk premiums would also provide support to the bullions.
- MCX Gold June is expected to rise towards 73600, as long as it holds above the 72800 mark. Above 73600 it would open the doors towards 74000.
- MCX Silver July is expected to rise towards 88,000. A move above 88,000 would open the doors towards 90,000. On the downside immediate support hold near 85,800.

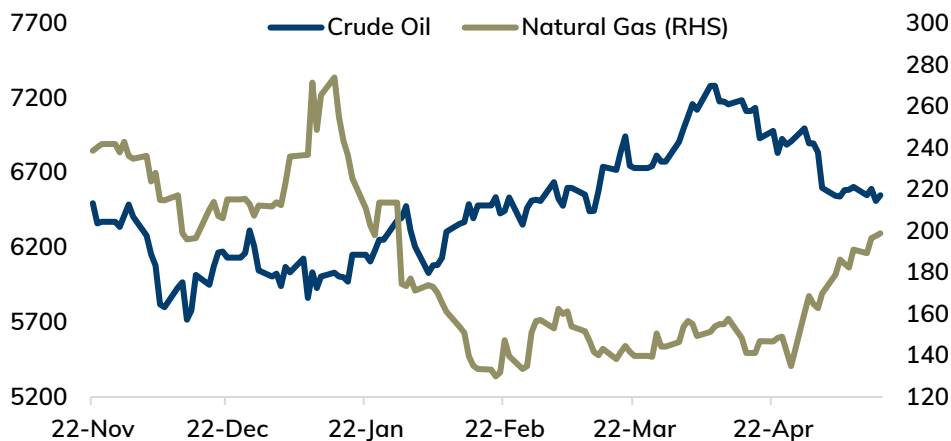
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its gains amid tight supply and increase in demand from the end users after the US tariffs on Chinese imports. Additionally, low availability of material and softness in the dollar would support the red metal to trade higher. Now the focus will shift towards the economic numbers from China, which is expected to show improvement in the industrial activity in the region and support the bullish outlook in the base metals.
- MCX Copper May is likely to hold the support near 884 and move towards 902. Only a move above 902 it would open the doors towards 910
- Aluminum May future is expected to rise towards 241, as long as it hold the key support at 234.

MCX Crude Oil vs. Natural Gas



Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	71916	72509	72827	73420	73738
Silver	84534	85700	86337	87503	88140
Copper	869.3	880.6	892.8	904.2	916.4
Aluminium	232.0	234.8	237.3	240.2	242.7
Zinc	256.8	259.4	263.4	265.9	269.9
Lead	191.3	192.8	194.4	195.9	197.5
Crude Oil	6352	6452	6514	6614	6676
Nat Gas	190	194	198	203	207

Energy Outlook

- NYMEX Crude oil is expected to move in the band of \$77 and \$80 as softness in the dollar and improved risk appetite limit its downside. Further, drawdown in the crude oil inventories since last couple of weeks would also support its gains. Meanwhile, prices would face resistance near the \$80 mark due to increase in output by few OPEC members and disagreement on extension of production cut beyond 2nd quarter. Moreover, forecast of lower demand in the year 2024 by IEA of around 140,000 barrels per day to 1.1 M bpd would check its upside.
- MCX Crude oil June future is expected to face the hurdle near 6600 and move lower towards 6450. Only a move above 6600, it would rise towards 6700.
- Natural Gas prices are expected to hold its gains on the prospects of better demand from electricity providers in US. MCX May is likely to hold the support at 193 and move higher towards 210.

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	83.49	83.52	83.53	83.56	83.58
US\$INR (Jun)	83.58	83.60	83.62	83.64	83.65
EURINR (May)	90.14	90.25	90.33	90.44	90.52
EURINR (Jun)	90.13	90.27	90.35	90.49	90.57
GBPINR (May)	104.68	104.94	105.11	105.37	105.54
GBPINR (Jun)	104.67	104.93	105.09	105.35	105.51
JPYINR (May)	53.26	53.42	53.56	53.72	53.86
JPYINR (Jun)	54.17	54.11	54.18	54.12	54.19

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.35	105.01	-0.64%
US\$INR	83.50	83.51	-0.01%
EURUSD	1.0884	1.0819	0.60%
EURINR	90.42	90.12	0.34%
GBPUSD	1.2685	1.2592	0.74%
GBPINR	105.41	104.75	0.63%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.081	7.107	0.00
US	4.340	4.439	-0.02
Germany	2.422	2.548	-0.05
UK	4.066	4.173	-0.03
Japan	0.956	0.953	0.00

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
5/15/2024	8:00 PM	-2.5M	-0.4M
5/8/2024	8:00 PM	-1.4M	-1.0M
5/1/2024	8:00 PM	7.3M	-2.3M
4/25/2024	8:00 PM	-6.4M	1.6M
4/17/2024	8:00 PM	2.7M	1.6M
4/10/2024	8:00 PM	5.8M	0.9M
4/3/2024	8:00 PM	3.2M	-0.3M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	104625	-125	-0.12%
Aluminium	1033450	-175	-0.02%
Zinc	250875	-75	-0.03%
Lead	222250	-4675	-2.06%
Nickel	80994	180	0.22%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 13, 2024						
5:30 PM	India	CPI y/y	4.83%	4.80%	4.85%	High
All Day	Europe	Eurogroup Meetings	-	-	-	Medium
Tuesday, May 14, 2024						
11:30 AM	UK	Claimant Count Change	8.9K	13.9K	10.9K	High
11:30 AM	UK	Average Earnings Index 3m/y	5.70%	5.30%	5.60%	Medium
11:30 AM	UK	Unemployment Rate	4.30%	4.30%	4.20%	Medium
6:00 PM	US	PPI m/m	0.50%	0.30%	0.20%	High
7:30 PM	US	Fed Chair Powell Speaks	-	-	-	High
Wednesday, May 15, 2024						
2:30 PM	Europe	Flash GDP q/q	0.30%	0.30%	0.30%	Medium
2:30 PM	Europe	Industrial Production m/m	0.60%	-0.30%	0.80%	Medium
3:30 PM	India	Trade Balance	-	-	-15.6B	High
6:00 PM	US	CPI y/y	3.40%	3.40%	3.50%	High
6:00 PM	US	Retail Sales m/m	0.00%	0.40%	0.70%	High
6:00 PM	US	Empire State Manufacturing Index	-15.6	-10.8	-14.3	High
8:00 PM	US	Crude Oil Inventories	-2.5M	-	-1.4M	Medium
Thursday, May 16, 2024						
5:20 AM	Japan	Prelim GDP q/q	-	-0.40%	0.10%	Medium
6:00 PM	US	Unemployment Claims	-	-	231K	High
6:00 PM	US	Building Permits	-	1.48M	1.46M	Medium
6:00 PM	US	Philly Fed Manufacturing Index	-	7.7	15.5	Medium
6:45 PM	US	Industrial Production m/m	-	0.20%	0.40%	Medium
8:00 PM	US	Natural Gas Storage	-	-	79B	Medium
Friday, May 17, 2024						
7:30 AM	China	Industrial Production y/y	-	5.40%	4.50%	High
7:30 AM	China	Retail Sales y/y	-	3.90%	3.10%	High



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