

February 5, 2024

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	March	Sell	62400-62410	61900	62700	Intraday
EURINR	February	Sell	89.75-89.77	89.30	89.95	Intraday

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## News and Developments

- Spot gold prices ended on negative note amid strong dollar and rise in US treasury yields after data from US showed employers added more jobs in January than expectation.
- US nonfarm payrolls increased by 353,000 in January, beating expectations for a gain of 180,000. Average hourly earnings increased by 0.6% last month after rising 0.4% in December
- Dollar jumped to 7 week high after upbeat job data from US pushed backed bets for aggressive rate cuts by US Federal Reserve this year
- As per CME Fedwatch tool, expectations for Fed to cut rate in March slipped to 15.5% from 20% a day ago while, prospects of no rate cut increased to 84.5% from 80% a day ago
- Yield on benchmark US 10-year treasury note rallied to 4.024% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.370%. Yields surged after monthly job report from US diminished hopes for imminent rate cut by US Federal Reserve. Markets now expect the Federal Reserve to cut benchmark interest rates by 127 basis points by year-end, down sharply from more than 160 basis points expected a month ago
- Crude oil prices edged lower on Friday due to strong dollar and growing optimism over extended ceasefire in Hamas-Israel war. Further, upbeat job data from US shrank the odds of imminent interest rate cuts, which could dampen crude demand
- Copper prices moved south amid strong dollar after Job data from US pushed back on idea of an interest rate cut as early as March. Additionally, prices slid on concerns about demand in China. However, further fall was cushioned on persistent decline in stockpiles at LME registered warehouses.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63150	-0.81%	2039.76	-0.74%
Silver	71208	-1.40%	22.69	-2.10%
Copper	722.1	-0.65%	8482.00	-0.62%
Aluminium	201.7	-0.40%	2233.50	-0.60%
Zinc	219.1	-0.84%	2451.00	-1.09%
Lead	181.5	-0.25%	2145.00	-0.30%
WTI Crude Oil	6030	-2.84%	72.28	-2.09%
US Nat Gas	175.8	1.03%	2.08	1.41%

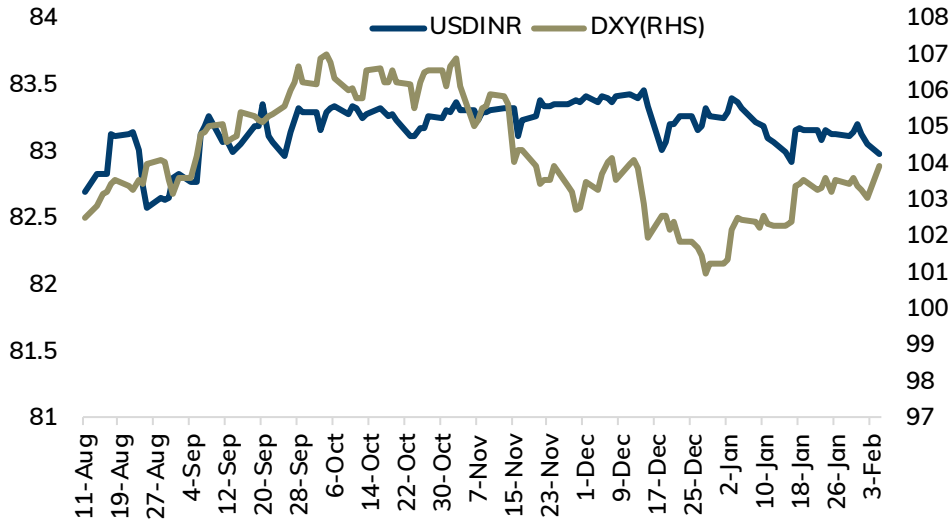
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.98	-0.10%	2408713	81450	1963570	193557
EURINR (27th Feb)	90.38	0.62%	118289	-56682	224694	-20160
GBPINR (27th Feb)	105.83	0.85%	294042	35040	354765	91929

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	February	Sell	174-174.50	166	179	Profit Booked
USDINR	February	Sell	83.02-83.03	82.84	83.15	Not Initiated

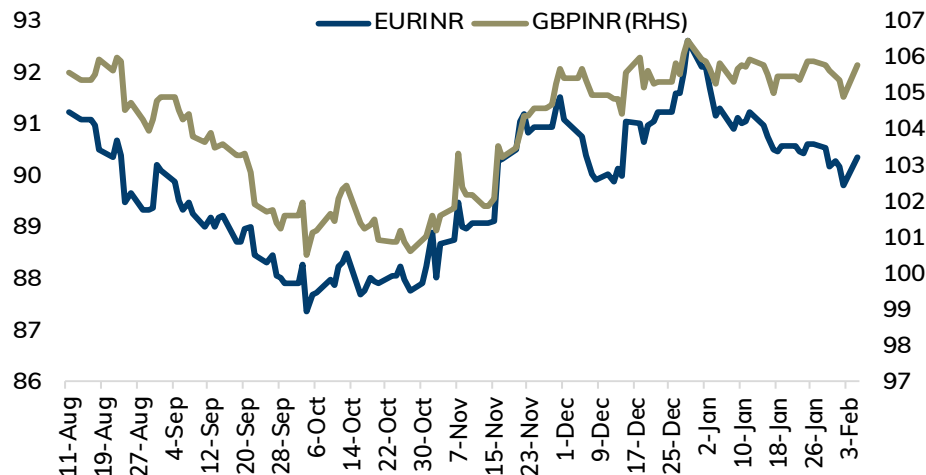
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Friday amid strong inflow into the domestic markets after the Indian Govt. lowered its FY25 gross borrowing estimates. The rupee ended at 82.92 against its previous close at 82.96.
- Rupee is likely to trim its gains amid firmness in the dollar and rise in US treasury yields. Better than expected US job growth numbers and improved other economic numbers would push the Fed to hold the rates higher for longer. Meanwhile, strong domestic equities and improved flows in to the debt market would limit any major downside in the rupee. USDINR Feb is likely to find support near 82.80 and move higher towards 83.15.

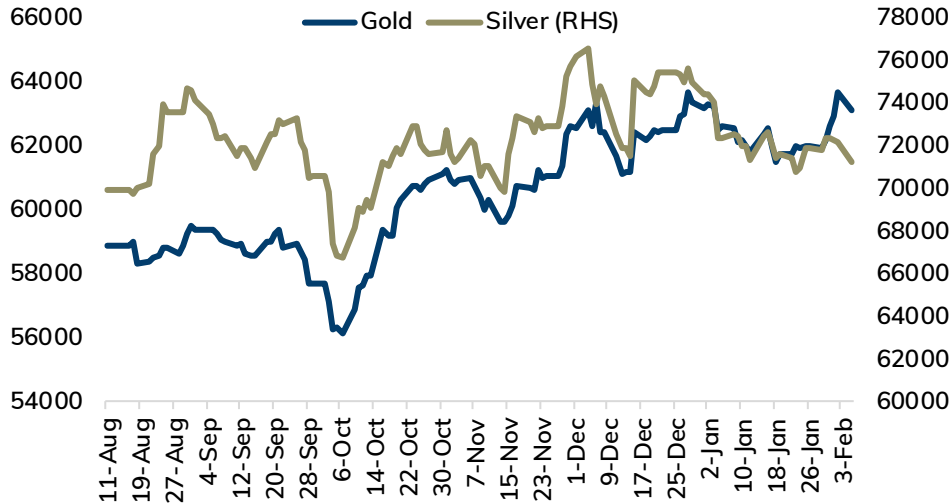
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro lost more than 0.70% on Friday amid strong reversal in the dollar. The pair is expected to remain under pressure amid strong US dollar and expectation of weak economic numbers in the Euro zone. Forecast of weak service PMI numbers in the Eurozone would weigh on the pair and weaken it towards 1.075. EURINR February is most likely to move towards 89.30, as long as it trades under the 90.00 mark.
- Pound hit the most and lost more than 0.80% on Friday amid strong dollar. It is expected to weaken further towards 1.2550 on strong dollar. Meanwhile, expectation of improvement in in the service sector growth would limit its downside. The pair is expected to remain under pressure as long as it trades below 1.2650. GBPINR Feb is likely to weaken towards 104.20, as long as it trades below 105.20.

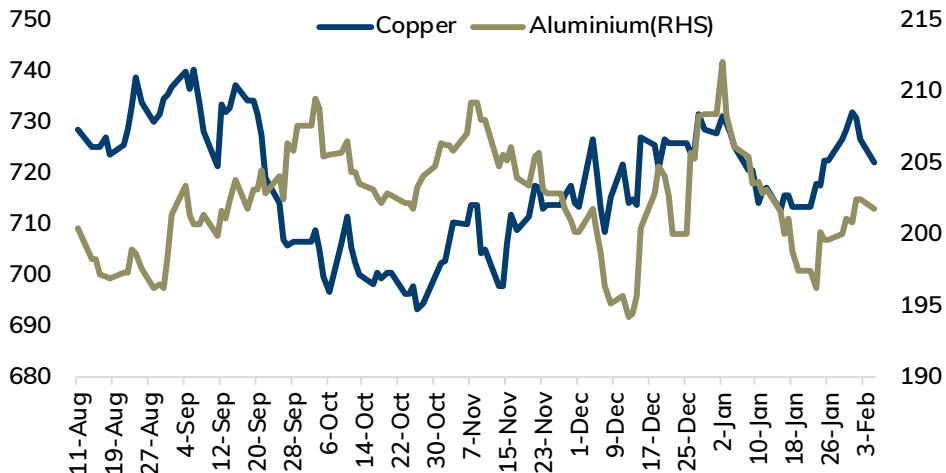
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$2045 level and slip towards \$2020 level amid strong dollar and surge in US treasury yields. Dollar moved north to 8-week high as robust jobs report from US ruined any expectations of a near term interest rate cut from Federal Reserve. Additionally, US Federal Reserve Chair Powell signaled that policymakers would likely to wait beyond march to cut interest rates as they want to see more economic data to assure that price pressure is ebbing.
- MCX Gold April price is likely to face hurdle near 62,850 level and slip towards 62,200 levels
- MCX Silver is expected to follow gold and slid further towards 70,300 level as long as it sustains below 71,700 level.

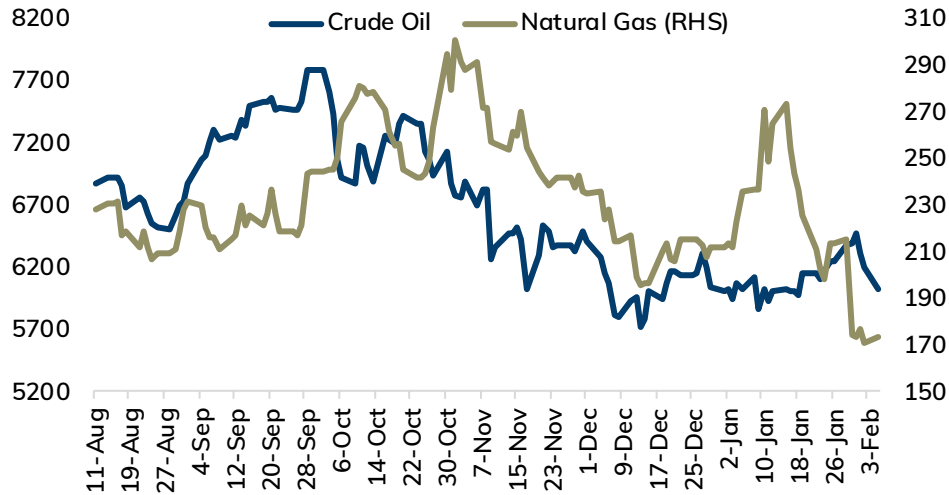
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar and concern over faltering growth in China. Further, investors fear that higher borrowing cost for longer duration across major economies would dampen economic growth and metal demand. Meanwhile, persistent decline in inventories at LME registered warehouses would prevent sharp fall in prices
- MCX Copper is expected to slip towards 714 level as long as it stays below 725 level. A move below 714 would open the doors for 710 levels.
- Aluminium is expected to slip further towards 199.50 level as long as it stays below 203.0 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$71.0 as long as it stays below \$73.50 level amid strong dollar and easing of tensions in Middle East. As per media reports Israeli and Hamas leaders were considering a ceasefire, leading to de-escalation in military tensions in the Middle East. Additionally, prices may slip on concerns about demand in China. Moreover, higher interest rates would dampen economic growth and oil demand, major economies like US and euro zone appear to hold rates steady for longer than expected period.
- MCX Crude oil is likely to slip further towards 5850 levels as long as it trades below 6150 levels.
- MCX Natural gas is expected to slip further towards 168 level as long as it trades below 180 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62367	62759	63191	63583	64015
Silver	69800	70504	71459	72163	73118
Copper	717.8	719.9	723.0	725.1	728.1
Aluminium	200.3	201.0	201.8	202.5	203.3
Zinc	216.8	217.9	219.5	220.6	222.2
Lead	180.7	181.1	181.7	182.1	182.7
Crude Oil	5849	5939	6070	6160	6291
Nat Gas	169	172	175	178	180

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.84	82.91	82.96	83.03	83.08
US\$INR (Mar)	82.91	82.99	83.04	83.12	83.17
EURINR (Feb)	90.14	90.26	90.37	90.49	90.61
EURINR (Mar)	90.29	90.40	90.52	90.64	90.75
GBPINR (Feb)	104.66	105.24	105.58	106.16	106.50
GBPINR (Mar)	105.60	105.76	105.87	106.03	106.14
JPYINR (Feb)	56.65	56.75	56.84	56.93	57.02
JPYINR (Mar)	57.02	57.11	57.20	57.29	57.39

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.92	103.05	0.85%
US\$INR	82.93	82.98	-0.06%
EURUSD	1.0788	1.0872	-0.77%
EURINR	90.31	89.60	0.80%
GBPUSD	1.2631	1.2744	-0.89%
GBPINR	105.79	105.01	0.74%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.055	7.058	-0.003
US	4.020	3.880	0.1397
Germany	2.241	2.149	0.092
UK	3.918	3.746	0.172
Japan	0.672	0.705	-0.033

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
1/31/2024	9:00 PM	1.2M	-0.8M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	140225	-5200	-3.58%
Aluminium	533475	-2100	-0.39%
Zinc	198325	-550	-0.28%
Lead	125775	5450	4.53%
Nickel	71262	114	0.16%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 05, 2024						
7:15 AM	China	Caixin Services PMI		53	52.9	Medium
3:00 PM	Europe	Sentix Investor Confidence		-15	-15.8	Medium
8:30 PM	US	ISM Services PMI		52	52.9	High
Tuesday, February 06, 2024						
3:00 PM	UK	Construction PMI		47.2	46.8	Medium
3:30 PM	Europe	Retail Sales m/m		-0.90%	-0.30%	Medium
10:30 PM	US	FOMC Member Mester Speaks		-	-	Medium
Wednesday, February 07, 2024						
12:30 PM	Europe	German Industrial Production m/m		-0.40%	-0.70%	Medium
7:00 PM	US	Trade Balance		(-62.3)B	(-63.2)B	Medium
9:00 PM	US	Crude oil Inventories			1.2M	Medium
Thursday, February 08, 2024						
7:00 AM	China	CPI y/y		-0.50%	-0.30%	Medium
7:00 AM	China	PPI y/y		-2.60%	-2.70%	Medium
10:00 AM	India	RBI Interest Rate Decision		6.5%	6.5%	High
7:00 PM	US	Unemployment Claims		219K	224K	Medium
Friday, February 09, 2024						
12:30 PM	Europe	German Final CPI m/m		0.20%	0.20%	Medium



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