

December 20, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62050-62060	62450	61830	Intraday
EURINR	December	Buy	91.00-91.02	91.40	90.80	Intraday

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News and Developments

- Gold prices gained more than 0.50% on Tuesday, approaching to its highest level in 2 weeks amid weakness in the dollar and decline in US treasury yields. Prices also found support after the BOJ maintained negative interest rates and likely to continue with its monetary easing policy.
- The US dollar index edged lower towards 102 mark, as investors continued to bet that the Federal reserve will cut interest rates in the coming year. The 10 year US treasury yields slide towards 3.90% and the 2 year US treasury yields held steady near 4.44%.
- The CME FedWatch tool indicates more than 68% probability of 25 bps rate cut in March 2024, where as probability of another rate cut in May rose to 60%.
- NYMEX Crude oil futures recouped its earlier losses and gained more than 1% on Tuesday, amid increasing fears of supply disruption. The attacks on ships in the Red Sea continued this week leading most of the suppliers to halt crude oil shipments via the Red sea. Meanwhile, surprise rise in crude oil inventories by 0.939M barrels (API data) last week checked the upside in oil prices.
- Copper prices climbed more than 1% on Tuesday amid increasing supply concerns and softness in the dollar. Further, lower production guidance by major producing organization in the coming year also strengthened the bullish bets in the metal.
- NYMEX natural gas remained under pressure on Tuesday amid record production and forecast of milder US weather. Meanwhile, increasing gas flows to the LNG export hubs restricted the downside in the price.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62476	0.30%	2040.35	0.65%
Silver	74824	0.56%	24.05	1.04%
Copper	726.7	0.81%	8593.50	1.31%
Aluminium	204.1	-0.37%	2262.50	-0.90%
Zinc	226.1	0.94%	2581.50	1.67%
Lead	183.0	0.19%	2064.50	0.32%
WTI Crude Oil	6167	1.50%	73.44	1.34%
US Nat Gas	207.3	-3.13%	2.49	-0.44%

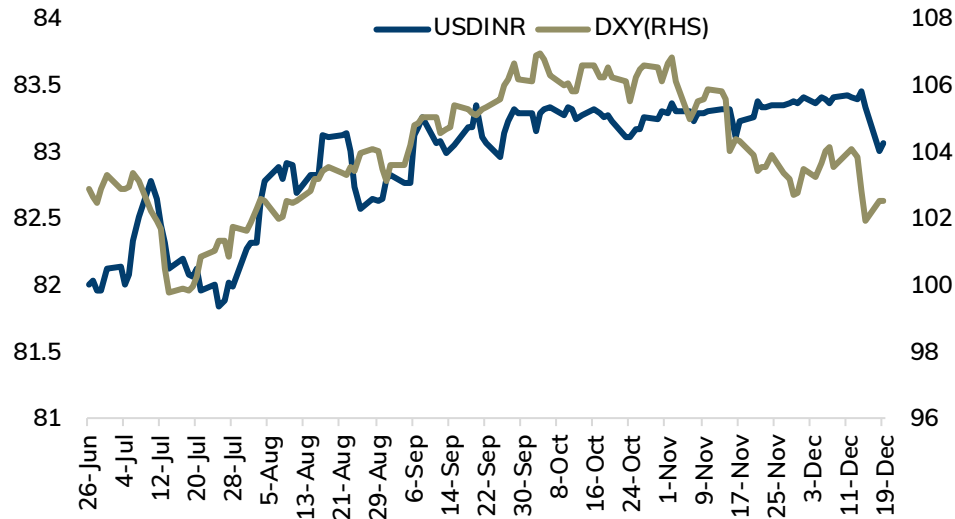
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.21	0.16%	3910983	-21406	1468939	-897519
EURINR (27th Dec)	91.00	0.37%	163795	18674	128476	-43302
GBPINR (27th Dec)	105.65	0.45%	208627	28370	176901	-40560

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	61850-61860	62200	61700	Target Achieved
GBPINR	December	Buy	105.0-105.02	105.40	104.80	Not Initiated

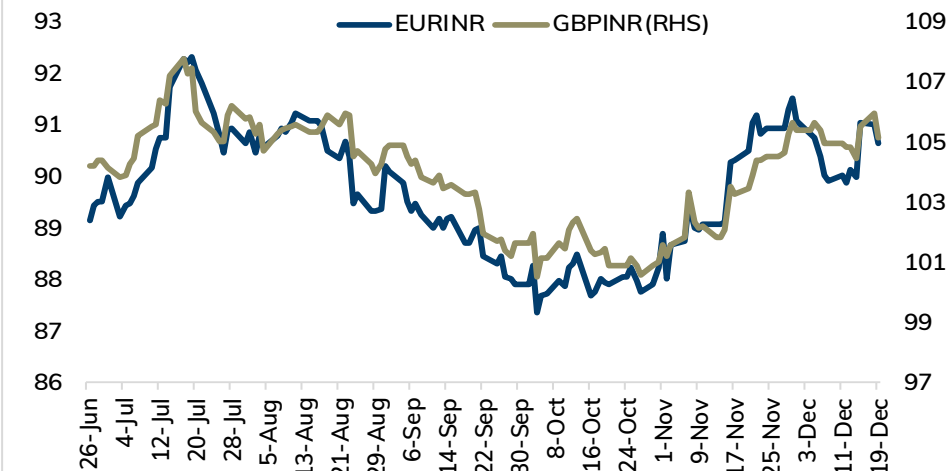
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid surge in crude oil prices and as FII were net sellers in the equity markets. Additionally, demand for dollar from importers also hurt domestic pair.
- Rupee is likely to appreciate today amid softness in dollar and decline in US treasury yields. Dollar is moving south ahead of core-PCE price index data, as it would provide more clarity on whether inflation has slowed enough for Fed to begin cutting rates next year. Additionally, investors continue to digest comments from Fed officials for indication when US central bank is likely to begin cutting rates. Further, rise in risk appetite in the global markets and persistent FII inflows will lend support to domestic pair. USDINR may slip towards 83.05 level as long as its stays below 83.30 level

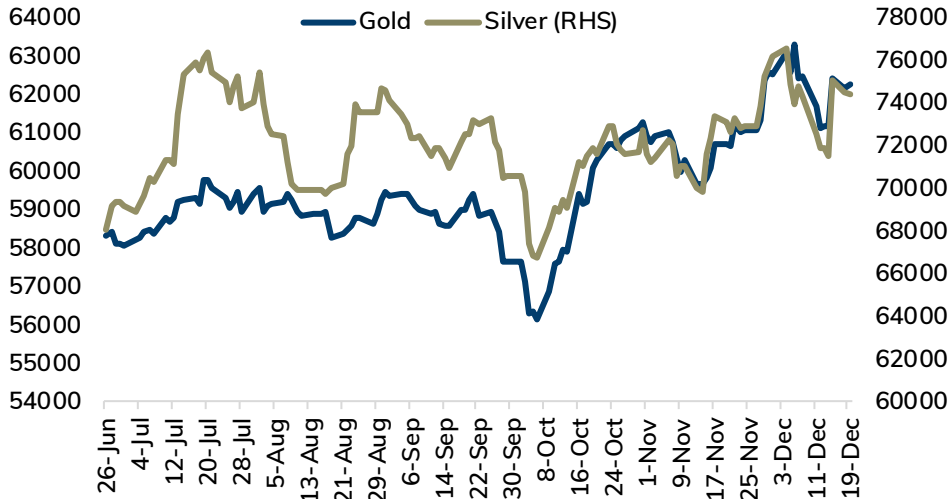
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.52% yesterday amid weak dollar and hawkish comments from ECB policymakers. ECB Governing Council members Kazaks and Simkus pushed back early next year rate cut speculation. For today, EURUSD is likely to hold the support near 1.0930 level and rise back towards 1.1020 level amid soft dollar and rise in risk appetite in the global markets. Further, hawkish comments from ECB policymakers will continue to support single currency. Meanwhile, expectation of weak economic data from euro zone may prevent sharp rally in the pair. EURINR may rise towards 91.40 level as long as it trades above 90.80 levels
- Pound is likely to rise towards 1.2770 level amid weak dollar and on hopes that BOE will hold rates higher for longer. Moreover, investors will keep an close eye on CPI data from Britain to get more clarity on interest rate outlook. GBPINR is likely to move north towards 106.20 level as long as it stays above 105.50 levels

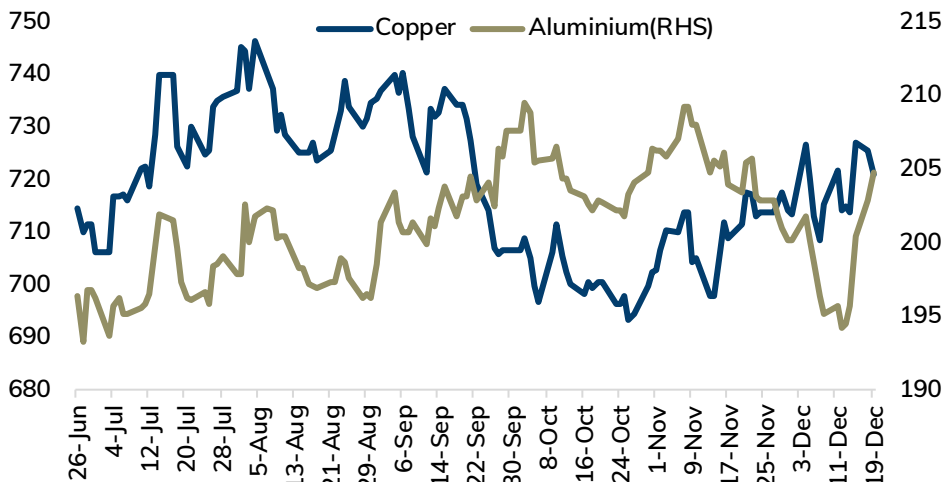
MCX Gold vs. Silver



Bullion Outlook

- Gold is likely to hold its gains and move towards the \$2050 mark, as long as it trades above the \$2020. The weakness in the dollar and decline in the treasury yields would support the bullions to regain its momentum. Expectation of weak home sales number would weigh on the dollar and increase the bets that the Federal Reserve would cut the rates in March 2024. Meanwhile, traders will eye on key consumer confidence data to get more clarity.
- MCX gold is expected rise again towards 62,850, as long as it holds above 62,100. Only close above 62,850 would open the doors towards 63,200.
- MCX silver is likely to follow the yellow metal and move towards 75,800, as long as it trades above 74,000.

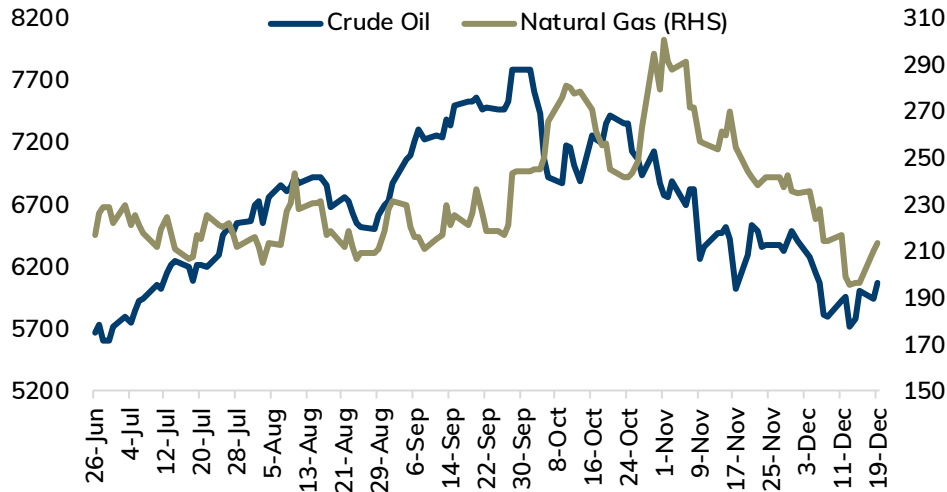
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to extend its gain amid supply concerns and expectation of more stimuli from China. Further, PBOC kept its 1 and 5-year prime rates at lower levels to support the economy. Further, forecast of lower mine production in the coming year and improved risk appetite would support the red metal to trade firm.
- MCX Copper December is expected to move towards 732, as long as it holds above the 721 mark. Only close above 732, it would rise again towards 736.
- MCX Aluminium is expected to find support near 202 and move higher towards 206. Only close above 206 would open the doors towards 208.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are likely to extend its gains towards the \$76 mark as rise in attacks on the ships in Red sea shipping route stoked concerns over supply disruption. The attacks on the rout would increase the risk premium to oil prices. Further, improved risk appetite in the global markets and softer dollar on increasing bets of Fed rate cut in the coming year would also support the NYMEX crude to stay above the \$72. Additionally, expectation of drawdown in crude oil inventories would also help the oil prices to hold firm.
- MCX Crude oil January is likely to find support near 6100 and move towards 6280 level. Only above 6280 it would rise towards 6350
- MCX Natural gas December future is likely to rise towards 220, as long as it holds above the 204 mark.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61804	62140	62405	62741	63006
Silver	73879	74352	74725	75198	75571
Copper	714.2	720.4	724.9	731.2	735.7
Aluminium	202.6	203.3	204.5	205.2	206.4
Zinc	222.1	224.1	225.4	227.4	228.6
Lead	181.9	182.4	182.9	183.5	184.0
Crude Oil	5953	6060	6132	6239	6311
Nat Gas	193	200	206	213	218

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.05	83.13	83.19	83.27	83.32
US\$INR (Jan)	83.12	83.21	83.27	83.35	83.41
EURINR (Dec)	90.66	90.83	90.96	91.13	91.26
EURINR (Jan)	90.78	90.98	91.12	91.31	91.45
GBPINR (Dec)	105.00	105.32	105.52	105.84	106.03
GBPINR (Jan)	105.13	105.44	105.62	105.93	106.12
JPYINR (Dec)	56.88	57.23	57.87	58.22	58.85
JPYINR (Jan)	57.29	57.63	58.25	58.59	59.20

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.17	102.56	-0.38%
US\$INR	83.18	83.06	0.15%
EURUSD	1.0981	1.0924	0.52%
EURINR	91.02	90.70	0.35%
GBPUSD	1.2732	1.2648	0.66%
GBPINR	105.63	105.22	0.39%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.174	7.158	0.016
US	3.931	3.931	-0.0001
Germany	2.016	2.079	-0.063
UK	3.652	3.695	-0.043
Japan	0.632	0.680	-0.048

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
11/1/2023	8:00 PM	0.8M	1.5M
10/25/2023	8:00 PM	1.4M	-0.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	168650	-3800	-2.20%
Aluminium	511450	6975	1.38%
Zinc	207150	1200	0.58%
Lead	128600	-2200	-1.68%
Nickel	52698	858	1.66%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 18, 2023						
2:30 PM	Europe	German ifo Business Climate	86.4	87.6	87.3	Medium
Tuesday, December 19, 2023						
Tentative	Japan	BOJ Policy Rate	-0.10%	-0.10%	-0.10%	High
7:00 PM	US	Building Permits	1.46M	1.46M	1.49M	Medium
7:00 PM	US	Housing Starts	1.56M	1.36M	1.37M	Medium
Wednesday, December 20, 2023						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.45%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	4.20%	4.20%	4.20%	Medium
12:30 PM	UK	CPI y/y	-	4.30%	4.60%	High
8:30 PM	US	CB Consumer Confidence	-	104.1	102	High
8:30 PM	US	Existing Home Sales	-	3.77M	3.79M	Medium
9:00 PM	US	Crude Oil Inventories	-	-	-4.3M	High
Thursday, December 21, 2023						
7:00 PM	US	Final GDP q/q	-	5.20%	5.20%	High
7:00 PM	US	Unemployment Claims	-	215K	202K	High
7:00 PM	US	Final GDP Price Index q/q	-	3.60%	3.60%	High
7:00 PM	US	Philly Fed Manufacturing Index	-	-3.2	-5.9	High
9:00 PM	US	Natural Gas Storage	-	-	-55B	High
Friday, December 22, 2023						
12:30 PM	UK	Retail Sales m/m	-	0.50%	-0.30%	High
7:00 PM	US	Core PCE Price Index m/m	-	0.2%	0.2%	High
7:00 PM	US	Durable Goods Orders m/m	-	2.70%	-5.40%	Medium
7:00 PM	US	Personal Spending m/m	-	0.30%	0.20%	Medium
8:30 PM	US	Revised UoM Consumer Sentiment	-	69.5	69.4	High
8:30 PM	US	New Home Sales	-	687K	679K	Medium



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