

February 28, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural gas	March	Buy	145-146	155	140	Intraday
USDINR	March	Sell	82.96-82.97	82.82	83.05	Intraday

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News and Developments

- Gold prices moved in a tight range as investors await key inflation data and comments from the Fed members to get more clarity on the timing of the first interest rate cut. Meanwhile, weaker than expected economic numbers from US supported the yellow metal to stay above the \$2030 mark.
- The US dollar index recovered its earlier losses amid hawkish comments from the fed members. Meanwhile, weaker than expected US durable goods order and CB consumer confidence data capped its upside.
- US 10-year treasury yields remained steady at 4.30% and the 2-year treasury yield, which typically moves in step with interest rate dipped to 4.69%.
- Crude oil rebounded from its days lows and hit the \$79 mark amid uncertainty over cease fire in Gaza. Further, increasing bets of extension in production cut by OPEC+ members in March also supported the oil prices to hold firm. Moreover, attacks on the vessels in the Red Se by the Houthi militants increased premium to oil prices.
- Copper prices edged higher amid hopes of fresh round of stimulus from China ahead of the next week's annual parliamentary meeting. Meanwhile, weaker than expected economic numbers from US and sluggish growth in the China's housing industry restricted its upside.
- NYMEX natural gas prices rose yesterday despite mild weather forecast. However, efforts from major producers to curb output has helped the gas prices to end the session on a positive note.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62301	0.24%	2030.48	-0.04%
Silver	69085	-0.50%	22.46	-0.26%
Copper	723.5	0.00%	8474.00	0.09%
Aluminium	198.6	0.00%	2191.50	0.53%
Zinc	217.1	0.16%	2422.00	-0.10%
Lead	176.3	0.00%	2090.50	-0.31%
WTI Crude Oil	6514	0.74%	78.87	1.66%
US Nat Gas	164.0	12.48%	1.62	-2.65%

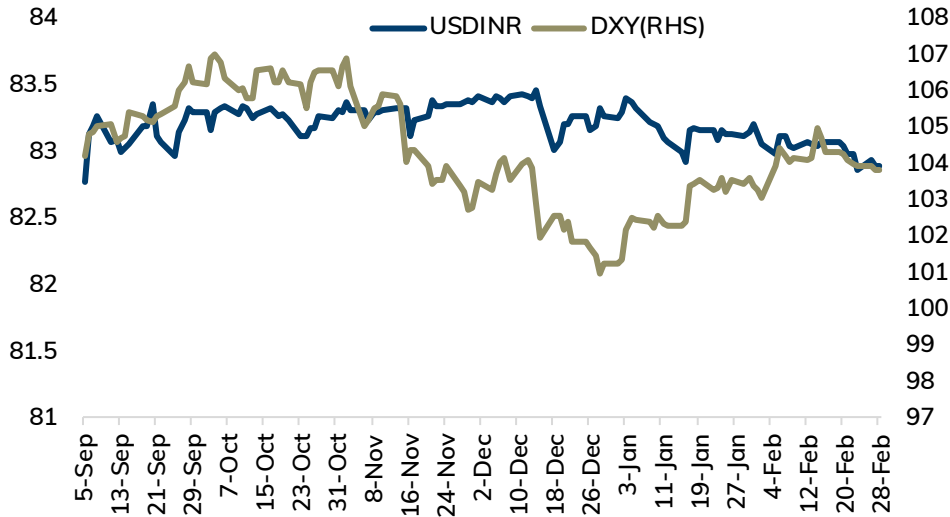
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.89	0.01%	1097343	-497894	1285627	-792606
EURINR (27th Feb)	89.94	0.02%	26533	-32265	52074	-65197
GBPINR (27th Feb)	105.10	-0.06%	108173	-30070	78629	-78850

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	March	Sell	728-728.5	721	732	Profit Booked
EURINR	March	Buy	89.98-90.0	90.40	89.80	Not Initiated

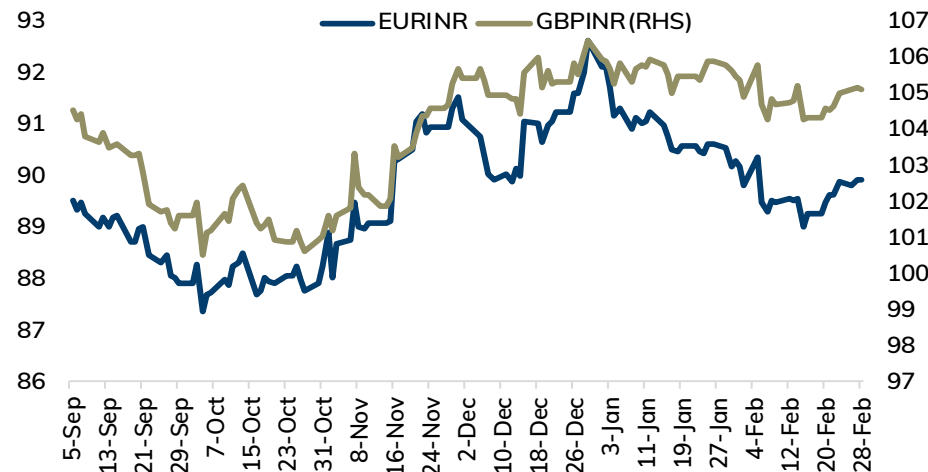
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended flat yesterday after moving in a tight range amid rise in dollar demand from importers. Further, investors remained cautious ahead of US Durable goods orders and consumer confidence data to get cues on timing of US Fed interest rate cut
- Rupee is likely to appreciate today amid expectation of correction in dollar and US treasury yields. Dollar may slid as Conference Board's US consumer confidence index unexpectedly declined and Durable goods order tumbled more than expected in January. Moreover, rise in risk appetite in the domestic markets along with sustained inflows would be supportive for domestic pair. However, sharp gains may be prevented amid month end dollar demand. USDINR March likely to slip towards 82.82 levels as long as it sustains below 83.05 levels

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower by 0.06% yesterday due to steady dollar and mixed economic data from euro zone. For today, EURUSD is likely to hold the support near 1.0810 level and rise towards 1.0870 level amid expectation of correction in dollar ahead of slew of economic data from US, which may give clues on timing and size of Federal Reserve rate cut this year. EURINR March may rise towards 90.30 level as long as it trades above 89.70 levels
- Pound is expected to rise further towards 1.2710 level amid expectation of correction in dollar and optimistic global market sentiments. Further, pound may move up on assumption that BOE will move later than US Fed and ECB in cutting rates. Meanwhile, investors will remain cautious ahead of statements from BOE officials to get fresh cues on interest rate outlook. GBPINR March is likely to move north towards 105.40 level as long as it stays above 104.80 levels

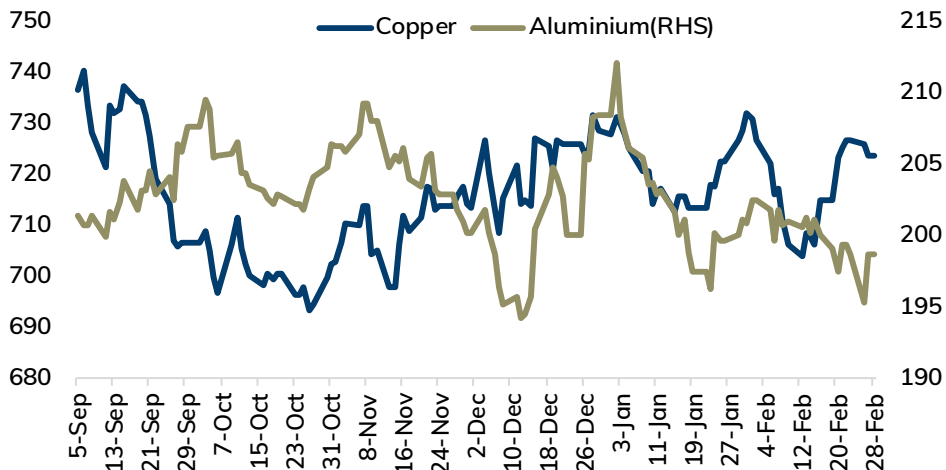
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to rise towards the immediate resistance near \$2045, as long as it holds above \$2020 amid softness in the dollar and decline in US treasury yields. Further, safe haven buying due to the unrest in Mideast and Ukraine would also provide support to the bullions. Now focus will remain on key US core PCE price index and GDP numbers which might give more clarity on future interest rate path.
- MCX Gold April price is expected to consolidate in the band of 62,000 and 62,500. Only a move outside of the range would bring further clarity in its direction.
- MCX Silver May hold strong support near 70,500, if holds then it would rebound towards 71,500.

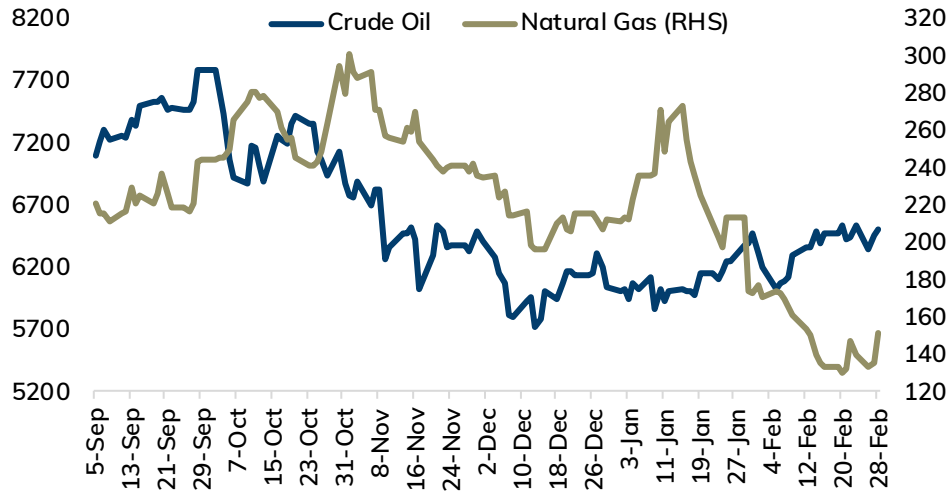
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to find support and move higher on expectation of fresh round of stimulus from the top metal consumer China. Further, depleting LME inventories could also provide some support to the red metal. Meanwhile, forecast of contraction in the manufacturing activity in China for the third month in a row would check its upside. Meanwhile, investor will eye on key economic numbers from US to get more clarity on the timing of interest rate cut.
- MCX Copper March is expected to move in the band of 723 and 730. Only close below 723 it would turn weaker
- Aluminum March future is expected to hold the support near 197 and rebound towards 201. Only close below 197 it would slip towards 195.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$77 and move higher towards \$79.50 amid strong physical demand. Further, expectation of extension in production cuts by the OPEC+ to next quarter would also support it to trade higher. Moreover, supply disruption due to unrest in the Mideast and tension in the Red Sea would also support the oil prices to stay above the \$77 mark. Meanwhile, investors will eye on weekly EIA inventory data to get further clarity.
- MCX Crude oil March is expected to hold the support near 6380 and move towards 6550. Above 6550 it would extend its rally towards 6620.
- MCX Natural gas March futures is expected to find support near 145 and move higher towards 155 on the prospects of production cut by major producers in US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62084	62192	62289	62397	62494
Silver	68380	68733	69206	69559	70032
Copper	722.3	722.9	723.8	724.4	725.2
Aluminium	198.6	198.6	198.6	198.6	198.6
Zinc	216.1	216.6	217.2	217.7	218.4
Lead	176.3	176.3	176.3	176.3	176.3
Crude Oil	6359	6436	6486	6563	6613
Nat Gas	153	158	162	168	172

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.80	82.84	82.87	82.92	82.95
US\$INR (Mar)	82.93	82.94	82.96	82.97	82.99
EURINR (Feb)	89.86	89.90	89.94	89.98	90.02
EURINR (Mar)	89.92	90.01	90.10	90.19	90.29
GBPINR (Feb)	105.03	105.06	105.11	105.15	105.20
GBPINR (Mar)	105.02	105.11	105.20	105.29	105.39
JPYINR (Feb)	54.99	55.03	55.09	55.13	55.19
JPYINR (Mar)	55.35	55.42	55.49	55.56	55.64

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.83	103.83	0.00%
US\$INR	82.90	82.90	0.00%
EURUSD	1.0844	1.0851	-0.06%
EURINR	89.98	89.86	0.13%
GBPUSD	1.2685	1.2685	0.00%
GBPINR	105.20	105.11	0.08%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.071	7.064	0.007
US	4.303	4.280	0.0237
Germany	2.464	2.440	0.024
UK	4.196	4.162	0.034
Japan	0.693	0.686	0.007

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
2/22/2024	9:30 PM	3.5M	3.9M
2/14/2024	9:00 PM	12.0M	3.3M
2/7/2024	9:00 PM	5.5M	1.7M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	126525	-1300	-1.02%
Aluminium	582675	875	0.15%
Zinc	268475	-125	-0.05%
Lead	171025	-1225	-0.71%
Nickel	69786	-186	-0.27%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 26, 2024						
8:30 PM	US	New Home Sales	661K	680K	664K	Medium
Tuesday, February 27, 2024						
12:30 PM	Europe	German GfK Consumer Climate	-29	-29	-29.7	Medium
7:00 PM	US	Durable Goods Orders m/m	-6.10%	-4.70%	0.00%	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	6.10%	6%	5.40%	Medium
8:30 PM	US	CB Consumer Confidence	106.7	114.8	114.8	High
8:30 PM	US	Richmond Manufacturing Index	-5	-4	-15	Medium
Wednesday, February 28, 2024						
7:00 PM	US	Prelim GDP q/q	-	3.30%	3.30%	High
7:00 PM	US	Prelim GDP Price Index q/q	-	1.50%	1.50%	High
9:00 PM	US	Crude Oil Inventories	-	-	3.5M	Medium
Thursday, February 29, 2024						
12:30 PM	Europe	German Retail Sales m/m	-	0.50%	-1.60%	Medium
12:30 PM	Europe	German Prelim CPI m/m	-	0.50%	0.20%	High
1:30 PM	Europe	Spanish Flash CPI y/y	-	2.80%	3.40%	Medium
3:30 PM	India	GDP Annual Estimate YoY	-	6.90%	7.30%	High
3:30 PM	India	GDP YoY	-	6.50%	7.60%	High
7:00 PM	US	Core PCE Price Index m/m	-	0.40%	0.20%	High
7:00 PM	US	Unemployment Claims	-	209K	201K	High
7:00 PM	US	Personal Spending m/m	-	0.20%	0.70%	Medium
8:15 PM	US	Chicago PMI	-	47.9	46	Medium
8:30 PM	US	Pending Home Sales m/m	-	1.50%	8.30%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-60B	Medium
Friday, March 01, 2024						
7:00 AM	China	Manufacturing PMI	-	49.1	49.2	High
7:00 AM	China	Non-Manufacturing PMI	-	50.8	50.7	High
7:15 AM	China	Caixin Manufacturing PMI	-	50.7	50.8	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	2.50%	2.80%	Medium
8:30 PM	US	ISM Manufacturing PMI	-	49.5	49.1	High
8:30 PM	US	Revised UoM Consumer Sentiment	-	79.6	79.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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