

January 31, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	March	Buy	62080-62100	62600	61800	Intraday
EURINR	February	Buy	90.15-90.16	90.48	90.00	Intraday

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News and Developments

- Spot gold prices rallied by 0.18% yesterday amid soft dollar and decline in US treasury yields. Further, investors remained cautious ahead of FOMC meeting to get insight on how soon Fed would start cutting rates and with what pace this year. Additionally, demand for safe haven increased following mounting tension in Middle East. However, sharp upside was capped as data showed US job openings unexpectedly rose in December while US consumer confidence increased to 2 year high in January
- Dollar slipped yesterday amid decline in US treasury yields, while market focuses on any clues from Fed Chairman Jerome Powell on the likelihood of a rate cut in March
- As per CME Fedwatch tool, expectations for Fed to cut rate in March dip to 40.4% from 46.2% a day ago while, prospects of no rate cut increased to 58.8% from 52.9% a day ago
- Yield on benchmark US 10-year treasury note decline to 4.034% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.339%. Benchmark U.S 10-year treasury yields hovered near 2 week lows on announcement by the treasury department that it will not need to borrow as much as it forecasted in October
- Crude oil prices edged higher yesterday on escalating tension in Middle East and higher global economic growth forecast. IMF raised its forecast for global economic growth and upgraded outlook for both China and US
- Copper prices moved north amid weak dollar and on hopes that China would unveil more measures to stabilize its economy. Additionally, decline in stocks at LME registered warehouses supported prices

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62634	0.72%	2037.01	0.19%
Silver	72350	-0.04%	23.17	-0.14%
Copper	734.9	0.40%	8615.00	0.67%
Aluminium	204.8	0.29%	2274.50	0.44%
Zinc	227.6	0.18%	2564.50	0.49%
Lead	183.8	0.30%	2177.00	0.23%
WTI Crude Oil	6479	1.25%	77.82	1.35%
US Nat Gas	176.8	-0.95%	2.08	-16.59%

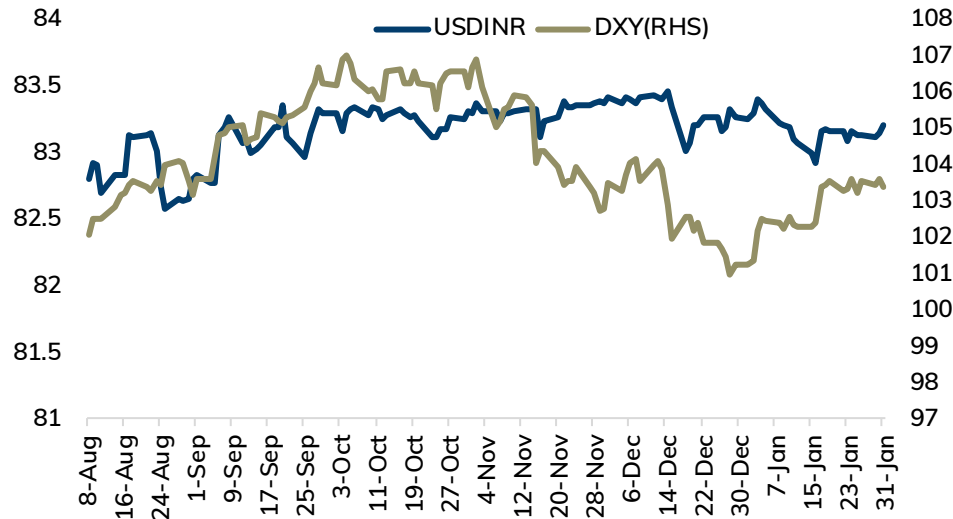
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.20	0.06%	2422208	385711	851065	-397078
EURINR (27th Feb)	90.30	0.14%	137617	59056	148951	4870
GBPINR (27th Feb)	105.49	-0.17%	277442	191969	210896	41183

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	March	Buy	61980-62000	62500	61700	Not initiated
EURINR	Feb	Sell	90.40-90.42	90.00	90.60	Not initiated

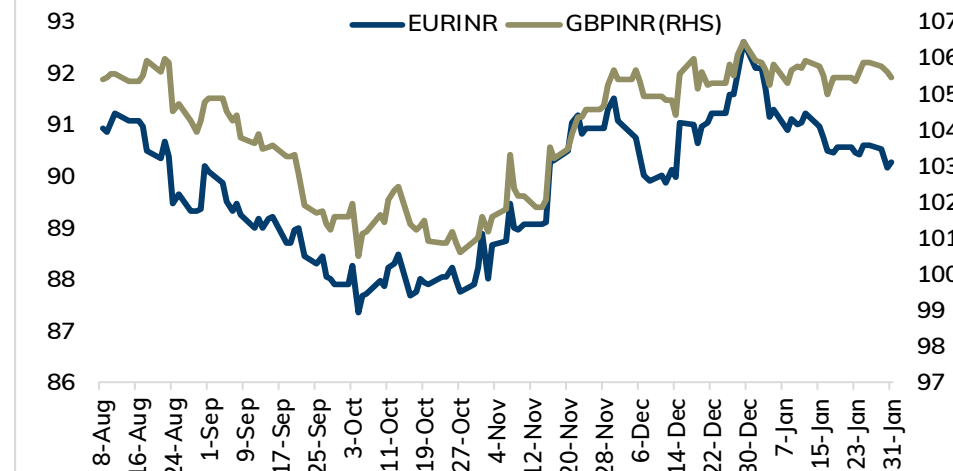
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee continued to trade in thin range on Tuesday as most investors remained cautious ahead of two key events this week. The rupee ended at 83.11 on Tuesday against its previous close at 83.14.
- Rupee is likely to remain in the range of 83.00-83.25 ahead of two events this weeks. The FOMC meeting along with annual budget would bring volatility in the currency market. The Fed is likely to hold the rates steady but it may give any indication on timing of rate cuts this year. Meanwhile, investor will also keep an eye on US job opening numbers this week. USDINR Feb is likely to consolidate in between 83.05-83.30. Only above 83.35 it would open the doors towards 83.45. On the other hand a move below 83.05 would weaken towards 82.80 mark.

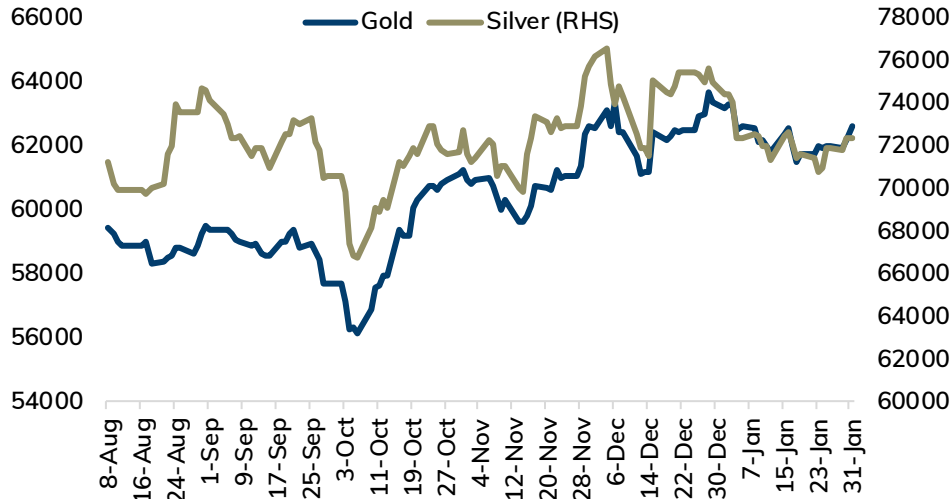
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro rose by 0.09% on Tuesday Monday amid improved Eurozone economic numbers. The Q4 GDP numbers revised upwards to 0.1% against previous record of -0.1%. EURUSD is likely to find support near 1.0810 and rebound towards 1.0880 on expectation of better retail sales number and sticky inflation numbers in Germany. EURINR February is most likely to move towards the higher band of the trading range of 90.00 - 90.70. Above 90.70, it would test 91.00 mark.
- Pound moved lower on Tuesday amid decline in UK treasury yields, as investors await key BOE policy this week.. The pair is expected to consolidate in the band of 1.2660 and 1.2750 before the outcome of the policy. Further, expectation of no rate cuts by the BOE in the first half of the year would support the pair to trim its earlier losses and push the pair again towards 1.2750. GBPINR is likely to hold the support of 105.30 and move towards 106.00.

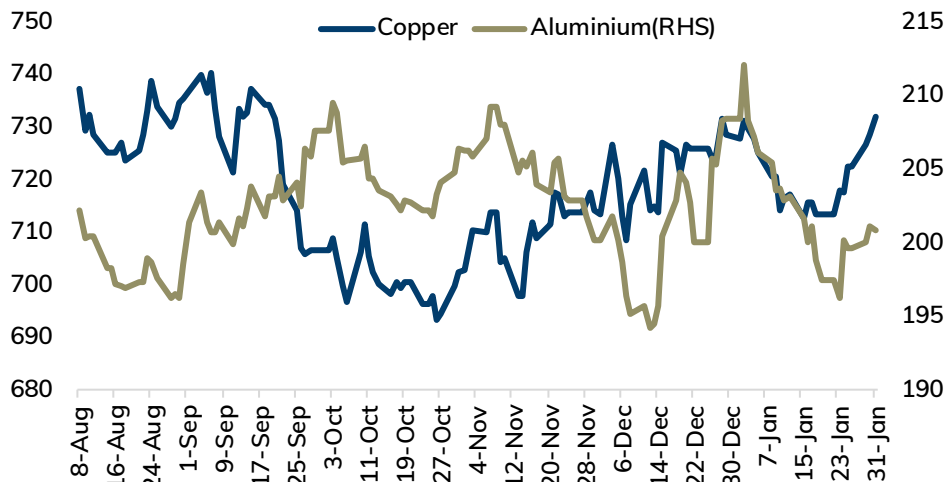
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$2020 level and rise towards \$2050 level amid soft dollar and lower US treasury yields. Dollar and Yields may move south further ahead of FOMC policy meeting & statement and U.S job data. US Fed is highly anticipated to keep rates unchanged in this meeting but may provide some cues on timing and number of rate cuts this year. Additionally, demand for safe haven may increase on mounting tension in Middle East
- MCX Gold April prices is likely to hold the support near 62,200 level and rise towards 62,800 levels
- MCX Silver is expected to follow gold and rise further towards 73,000 level as long as it sustains above 71,700 level.

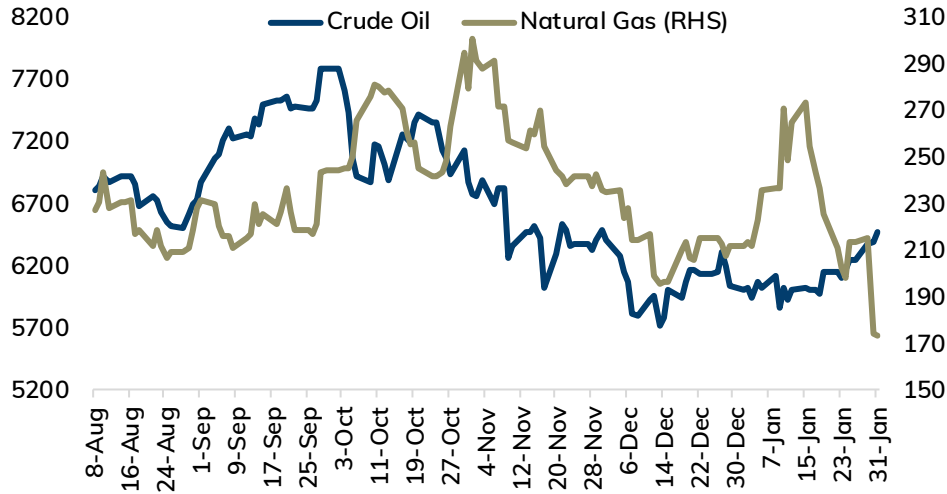
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias as disappointing economic data from China and ailing property sector sparked demand worries. Data showed China's Manufacturing PMI contracted for 4th consecutive month and activity in service sector continued to slowed down. Meanwhile, decline in stockpiles at LME registered warehouses and weakness in dollar may prevent sharp downside in prices.
- MCX Copper is expected to slip towards 729 level as long as it stays below 736 level. A move above 736 would reverse the trend and open the doors for 740 levels.
- Aluminum is expected to rise further towards 206 level as long as it stays above 203 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$79.50 as long as it stays above \$76 level amid soft dollar and signs of strength in global economy after IMF raised its 2024 global growth forecast. Further, investors fear that heightened geopolitical tension in Middle East threaten to disrupt crude supplies from the region. Additionally, U.S. began reimposing sanctions on Venezuela this week after the country's top court upheld a ban blocking the candidacy of the leading opposition hopeful in a presidential election later this year. Moreover, as per API US crude inventories fell by about 2.5 million barrels for the week ended 26th January. Official government inventory is expected to show weekly crude oil supplies decreased by about 0.8M barrels. MCX Crude oil is likely to rise further towards 6600 levels as long as it trades above 6300 levels.
- MCX Natural gas is expected to slip further towards 167 level as long as it trades below 178 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61887	62260	62548	62921	63209
Silver	71672	72011	72358	72697	73044
Copper	728.3	731.6	733.4	736.7	738.5
Aluminium	202.9	203.8	204.6	205.5	206.3
Zinc	224.3	225.9	227.8	229.4	231.3
Lead	182.2	183.0	183.4	184.2	184.6
Crude Oil	6250	6365	6427	6542	6604
Nat Gas	173	175	178	180	182

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.09	83.14	83.25	83.30	83.41
US\$INR (Mar)	83.22	83.25	83.30	83.34	83.39
EURINR (Feb)	89.98	90.14	90.25	90.41	90.52
EURINR (Mar)	90.16	90.30	90.39	90.53	90.62
GBPINR (Feb)	105.24	105.36	105.56	105.69	105.89
GBPINR (Mar)	105.33	105.45	105.64	105.76	105.96
JPYINR (Feb)	56.64	56.72	56.79	56.86	56.94
JPYINR (Mar)	57.01	57.09	57.15	57.23	57.29

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.40	103.61	-0.20%
US\$INR	83.11	83.14	-0.03%
EURUSD	1.0845	1.0833	0.11%
EURINR	90.00	90.01	0.00%
GBPUSD	1.2700	1.2709	-0.07%
GBPINR	105.40	105.62	-0.21%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.158	7.173	-0.015
US	4.032	4.074	-0.0421
Germany	2.268	2.235	0.033
UK	3.901	3.876	0.025
Japan	0.717	0.723	-0.006

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
12/13/2023	9:00 PM	-4.3M	-1.9M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	148475	-1875	-1.25%
Aluminium	537825	-4925	-0.91%
Zinc	189925	-1000	-0.52%
Lead	111175	525	0.47%
Nickel	70068	828	1.20%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 29, 2024						
7:30 AM	China	CB Leading Index m/m	4.20%	4.20%	4.20%	Medium
Tuesday, January 30, 2024						
3:30 PM	Europe	Prelim Flash GDP q/q	0.0%	-0.1%	-0.1%	High
8:30 PM	US	CB Consumer Confidence	114.8	111.3	110.7	Medium
8:30 PM	US	JOLTS Job Openings	9.03M	8.73M	8.79M	High
Wednesday, January 31, 2024						
7:00 AM	China	Manufacturing PMI		49.3	49.0	Medium
2:30 PM	Europe	German Prelim CPI m/m		0.5%	0.1%	High
5:45 PM	US	ADP Non-Farm Employment Change		130k	164k	High
7:00 PM	US	Employment Cost Index q/q		1.0%	1.1%	High
9:00 PM	US	Crude oil Inventories			(-9.2)M	Medium
Thursday, February 01, 2024						
12:30 AM	US	Federal Funds Rate		5.5%	5.5%	High
12:30 AM	US	FOMC Statement	-	-	-	High
7:15 AM	China	Caixin Manufacturing PMI		50.5%	50.8%	High
11:30 AM	India	Indian Union Budget		-	-	High
3:00 PM	Europe	CPI Flash Estimate y/y		2.9%	2.9%	High
5:30 PM	UK	Official Bank Rate		5.25%	5.25%	High
7:00 PM	US	Unemployment Claims		-	214k	High
8:30 PM	US	ISM Manufacturing PMI		47.4	47.4	High
Friday, February 02, 2024						
7:00 PM	US	Average Hourly Earnings m/m		0.30%	0.40%	High
7:00 PM	US	Non-Farm Employment Change		162k	216k	High
7:00 PM	US	Unemployment Rate		3.7%	3.7%	High
8:30 PM	US	Revised UoM Consumer Sentiment		78.8	78.8%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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