

March 20, 2024

Daily Currency & Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	April	Buy	151-152	160	147	Intraday
GBPINR	March	Buy	105.34-105.35	105.70	105.20	Intraday

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News and Developments

- Spot gold prices ended on the positive note losing more than 0.1% yesterday amid strong dollar and rise in risk appetite in the global markets. Further, investors turned their focus to the US Federal Reserve's monetary policy meeting, where central bank is expected to provide further clues about the pace at which it will likely lower interest rates this year. Meanwhile, further downside was cushioned amid rising tension in Middle East and Ukraine and weakness in US treasury yields
- Dollar index advanced yesterday by 0.23% amid upbeat housing data from US. Further, recent batch of economic data from US signaled resilience in the economy, boosting expectations that Fed might reduce the number of projected rate cuts this year to two from three
- Housing starts increased 10.7% to a rate of 1.521 million units in February and Building permits as a whole climbed 1.9% to a rate of 1.518 million units
- The Bank of Japan ended 8-years of negative interest rates. It set the overnight call rate as its new policy rate and decided to guide it in a range of 0-0.1% partly by paying 0.1% interest to deposits at the central bank.
- U.S. Treasury yields slipped ahead of US Federal Reserve monetary policy meeting to get cues on rate path this year. Yield on benchmark US 10-year treasury note slipped to 4.293% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.687%.
- Crude oil prices ended on positive note yesterday reaching multi-months high on fear over supply disruption due to escalating tension in Middle East and Russia. Ukraine has stepped up attacks on Russian oil infrastructure disturbing refining capacity. Oil further gained support from declining crude exports from Saudi Arabia and Iraq
- Copper prices moved lower on profit booking and strong dollar ahead of US Fed monetary policy.

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	65583	-0.04%	2157.59	-0.13%
Silver	75287	-0.28%	24.91	-0.49%
Copper	756.4	-1.21%	8976.50	-1.24%
Aluminium	203.9	-0.37%	2269.00	-0.37%
Zinc	218.0	-1.36%	2505.50	-1.05%
Lead	178.4	0.08%	2093.00	0.14%
WTI Crude Oil	6944	1.46%	83.47	0.91%
US Nat Gas	144.6	2.05%	1.74	2.41%

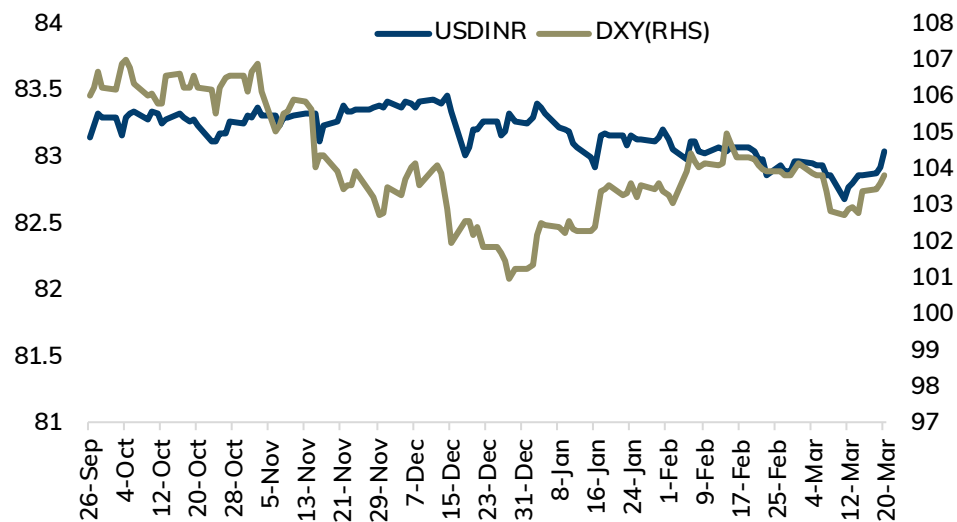
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	83.04	0.15%	2900646	42075	1497756	378873
EURINR (26th Mar)	90.09	-0.35%	93403	-14165	113885	43446
GBPINR (26th Mar)	105.33	-0.26%	159413	-22771	153048	47207

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	April	Buy	65380-65400	65850	65100	Exit in Profit
USDINR	March	Buy	82.85-82.86	83.00	82.78	Not Initiated

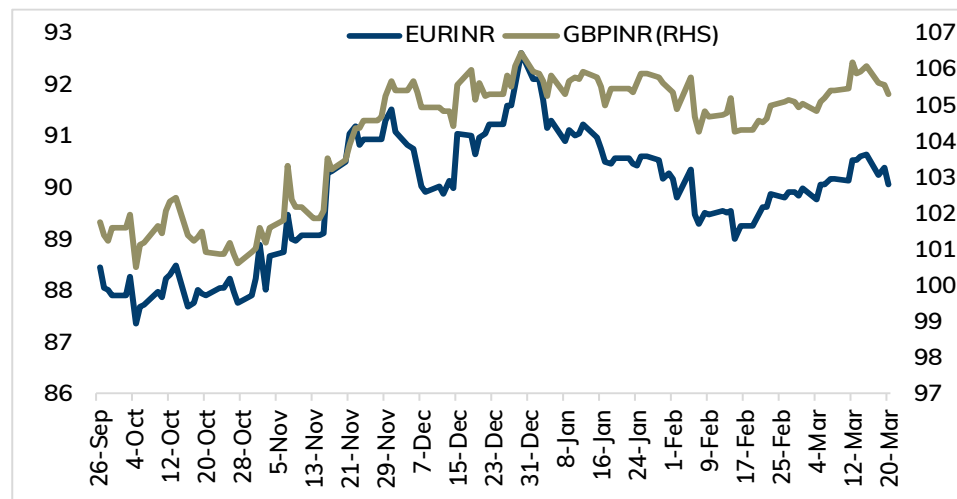
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated to its one month lows on Tuesday amid weakness in Asian currencies and dollar demand from state-run banks. Further higher crude oil prices and weakness in the domestic equities also weighed on the rupee to went past the 83.00 mark.
- USDINR is expected to face the hurdle near 83.15 and move back towards the 82.90 ahead of the FOMC meeting. Mixed set of economic numbers from US could force the Fed to incline towards rate cut in June. Meanwhile, all focus will remain on Fed's economic projections and the new 'dot plot' which would bring more clarity on the interest rate path. USDINR March likely to move in the band of 82.90-83.15. The pair is expected to consolidate in the band of 82.90 to 83.15. Only close above 83.15 it would rise towards 83.25.

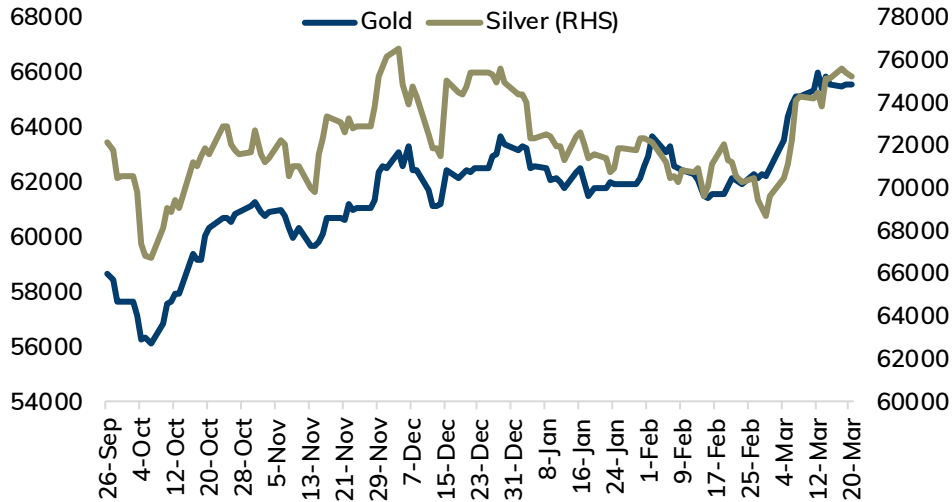
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro fell to its 2-week low yesterday amid strong dollar. But better than expected German ZEW economic sentiments aided the pair to trim its losses. For today, EURUSD is likely to remain in the range of 1.0830 and 1.0880 ahead of today's key FOMC meeting. Further, focus will also remain on the comments from the ECB President Lagarde to get clarity on timing of interest rate cut. EURINR March is likely to find support near 90.00 and move towards 90.50. Only close below 90.00 it would turn weaker.
- Pound also traded lower amid strong dollar. The pair is expected to find support near 1.266 and move towards 1.2740 on expectation of no change in the monetary policy from the BOE. Sticky inflation numbers would force the central bank to hold its rates steady. GBPINR March is likely to move in the range of 105.20 and 105.80 ahead of the policy. Only a move below 105.20 it would slip towards 105.00 level.

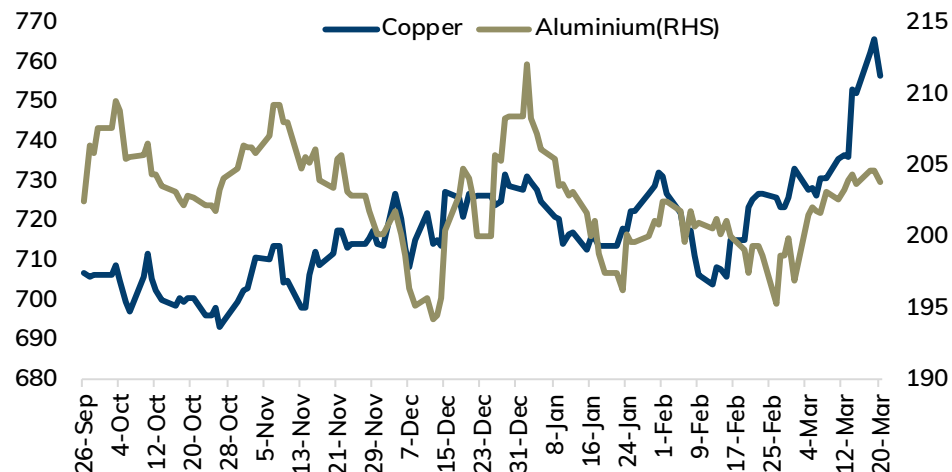
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$2145 levels and rise towards \$2170 levels amid weakness in US treasury yields and expectation of correction in dollar. US yields are moving south ahead of Federal Reserve monetary policy, where central bank is likely to hold the interest rates unchanged. While, more focus will be on policymakers updated economic & interest rate projections and statements from Fed chairman Jerome Powell. It is less likely that Fed may signal higher for longer outlook on policy given recent mixed batch of economic data. Additionally, demand for safe haven may increase on rising tension in Middle East and Russia.
- MCX Gold April prices is likely to rise further towards 65,900 level as long as it stays above 65,250 levels
- MCX Silver May is expected is expected to follow gold and rise further towards 75,800 level as long as it sustains above 74,600 level.

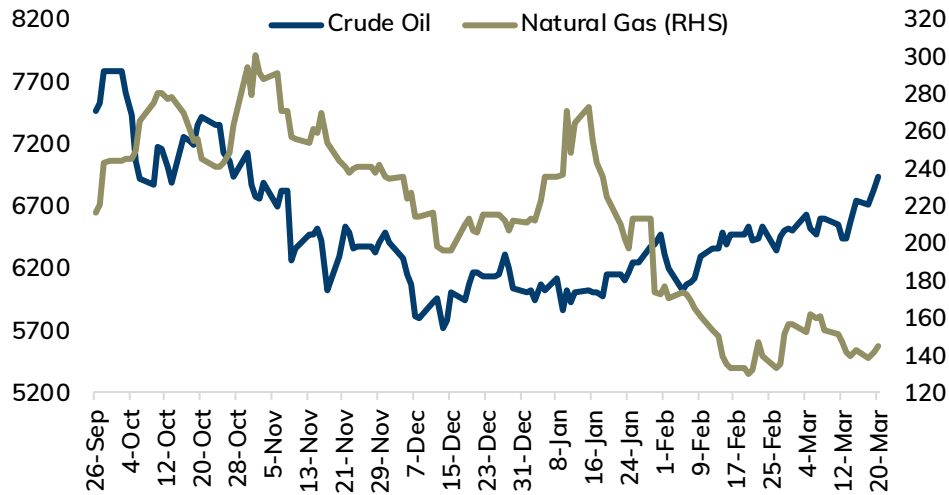
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to correct further as investors will continue to lock in profit from recent rally and ahead of major central bank monetary policy. Investors fear that higher borrowing cost for prolonged period will hurt global economic growth and hamper demand for industrial metal. However, sharp fall may be cushioned amid optimistic global market sentiments, improved housing data from US and persistent decline in LME inventories. Moreover, market participants are concerned over refined copper supply after Chinese smelters agreed to cut output.
- MCX Copper is expected to move south towards 750 level as long as it stays below 765 level. A move below 750 would open the doors for 746 levels.
- Aluminum is expected to slip further towards 202 level as long as it stays below 205.00 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$83.50 amid rise in risk appetite in the global markets, on signs of stronger demand and economic growth in US and China. Furthermore, prices may rally on signs of tighter global supplies, especially after some members of the OPEC signaled they will reduce production in the coming months and Ukrainian strikes on key Russian fuel refineries shut down production capacity. Moreover, data from API showed US crude oil stocks fell by 1.5 million barrels in the week ended 15th March. Sustained drop in gasoline inventories also points towards improving fuel demand.
- MCX Crude oil April is likely to rise towards 7000 levels as long as it trades above 6780 levels.
- MCX Natural gas April is expected to rise further towards 160 levels as long as it stays above 147 levels as US weather forecasts turn colder.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	65215	65399	65559	65743	65903
Silver	74404	74846	75282	75724	76160
Copper	748.0	752.2	759.0	763.2	769.9
Aluminium	202.0	202.9	203.9	204.9	205.9
Zinc	215.2	216.6	218.9	220.3	222.6
Lead	177.2	177.8	178.4	179.0	179.6
Crude Oil	6785	6864	6910	6989	7035
Nat Gas	139	142	145	147	150

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.87	82.95	83.01	83.09	83.14
US\$INR (Apr)	82.94	83.03	83.08	83.17	83.22
EURINR (Mar)	89.86	89.97	90.13	90.24	90.39
EURINR (Apr)	90.09	90.18	90.31	90.40	90.52
GBPINR (Mar)	105.01	105.17	105.37	105.52	105.72
GBPINR (Apr)	105.12	105.26	105.46	105.60	105.80
JPYINR (Mar)	54.85	55.07	55.43	55.65	56.01
JPYINR (Apr)	55.27	55.47	55.81	56.01	56.35

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.82	103.58	0.23%
US\$INR	83.04	82.91	0.16%
EURUSD	1.0866	1.0872	-0.06%
EURINR	89.99	90.38	-0.43%
GBPUSD	1.2722	1.2729	-0.05%
GBPINR	105.23	105.59	-0.35%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.099	7.089	0.01
US	4.293	4.324	-0.0317
Germany	2.450	2.459	-0.009
UK	4.057	4.089	-0.032
Japan	0.741	0.767	-0.026

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/13/2024	8:00 PM	-1.5M	0.9M
3/6/2024	9:00 PM	1.4M	2.4M
2/28/2024	9:00 PM	4.2M	3.1M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	106700	-125	-0.12%
Aluminium	566425	-2100	-0.37%
Zinc	267200	2300	0.87%
Lead	199775	4775	2.45%
Nickel	77652	228	0.29%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 18, 2024						
7:30 AM	China	Industrial Production y/y	7.00%	-	6.80%	High
3:30 PM	Europe	Final CPI y/y	2.60%	-	2.60%	Medium
Tuesday, March 19, 2024						
Tentative	Japan	BOJ Policy Rate	0.10%	-0.10%	-0.10%	High
3:30 PM	Europe	German ZEW Economic Sentiment	31.70	20.60	19.90	Medium
6:00 PM	US	Building Permits	1.52M	1.5M	1.47M	Medium
Wednesday, March 20, 2024						
6:45 AM	China	5-y Loan Prime Rate	3.95%	3.95%	3.95%	High
3:30 PM	UK	CPI y/y	-	3.50%	4.00%	High
8:00 PM	US	Crude Oil Inventories	-	(-0.9)M	(-1.5)M	Medium
11:30 PM	US	Federal Funds Rate	-	5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections	-	-	-	-
Thursday, March 21, 2024						
2:30 PM	Europe	Flash Manufacturing PMI	-	-	46.5	High
2:30 PM	Europe	Flash Services PMI	-	-	50.2	High
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:00 PM	US	Unemployment Claims	-	-	209K	High
7:15 PM	US	Flash Manufacturing PMI	-	-	52.2	High
7:15 PM	US	Flash Services PMI	-	-	52.3	High
8:00 PM	US	Natural Gas Storage	-	-	-40B	Medium
Friday, March 22, 2024						
12:30 PM	UK	Retail Sales m/m	-	-	3.4%	High
2:30 PM	Europe	German ifo Business Climate	-	-	85.5	Medium



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