

January 30, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	March	Buy	61980-62000	62500	61700	Intraday
EURINR	February	Sell	90.40-90.42	90.00	90.60	Intraday

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News and Developments

- Spot gold prices rallied by 0.75% yesterday amid rise in demand for safe haven following mounting tension in Middle East. Further, prices moved north due to soft dollar and decline in US treasury yields
- Dollar slipped yesterday amid decline in US treasury yields, while markets await Federal Reserve policy decision later this week for more clues on the timing of this year's first U.S interest rate cut
- As per CME Fedwatch tool, expectations for Fed to cut rate in March dip to 44.8% from 46.2% a day ago while, prospects of no rate cut increased to 54.1% from 52.3% a day ago
- Yield on benchmark US 10-year treasury note decline to 4.076% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.322%. Yields slid after Treasury Department said it would need to borrow less than its previous estimates. Further, investors remained vigilant ahead of US Fed policy decision, where central bank is likely to keep policy rate unchanged but may provide some cues on timing of rate cuts
- The US Treasury said that it expects to borrow \$760 billion in the first quarter, \$55 billion lower than the October estimate. Further, treasury also announced it expects to borrow \$202 billion in the second quarter, as it projects a cash balance of \$750 billion at the end of June
- Crude oil prices edged lower yesterday on demand concerns in China. Meanwhile, sharp downside was cushioned amid escalating tension in Middle East following 3 US servicemen were killed in a drone attack on a base near the Syrian border
- Copper prices moved north amid weak dollar. However, sharp upside was capped on doubts about demand prospects in China after news from the country's troubled property sector. Hongkong court ordered liquidation of property giant China Evergrande group

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62186	0.36%	2033.23	0.61%
Silver	72377	0.84%	23.20	1.76%
Copper	732.0	0.34%	8558.00	0.15%
Aluminium	204.2	0.54%	2264.50	-0.44%
Zinc	227.2	-0.42%	2552.00	-1.09%
Lead	183.2	0.30%	2172.00	0.98%
WTI Crude Oil	6399	0.28%	76.78	-1.58%
US Nat Gas	178.5	-2.19%	2.49	-3.15%

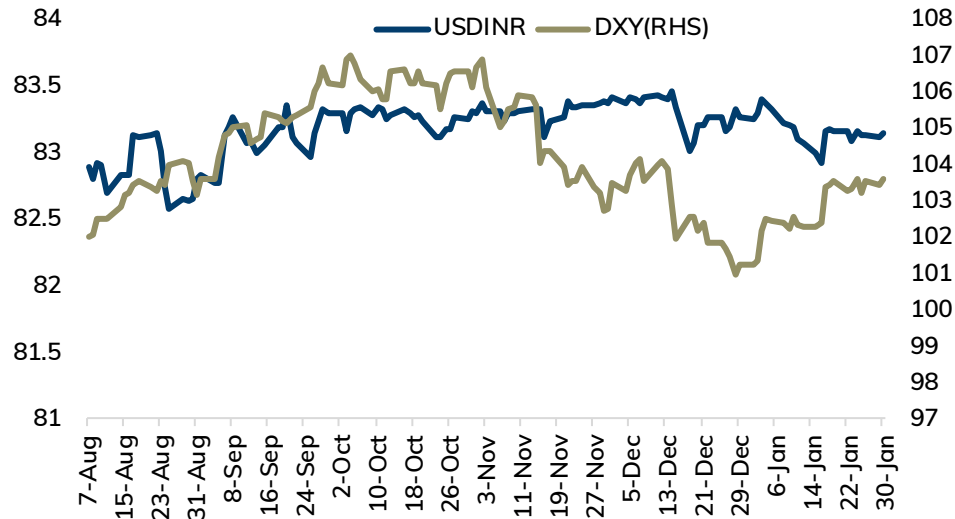
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.15	0.04%	2036497	-601405	1248143	-1262075
EURINR (29th Jan)	90.17	-0.43%	78561	-32978	144081	46049
GBPINR (29th Jan)	105.66	-0.12%	85473	-49206	169713	-53766

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	February	Buy	51950-61960	62350	61750	Not Initiated
USDINR	February	Sell	83.25-83.26	83.05	83.38	Exit At cost

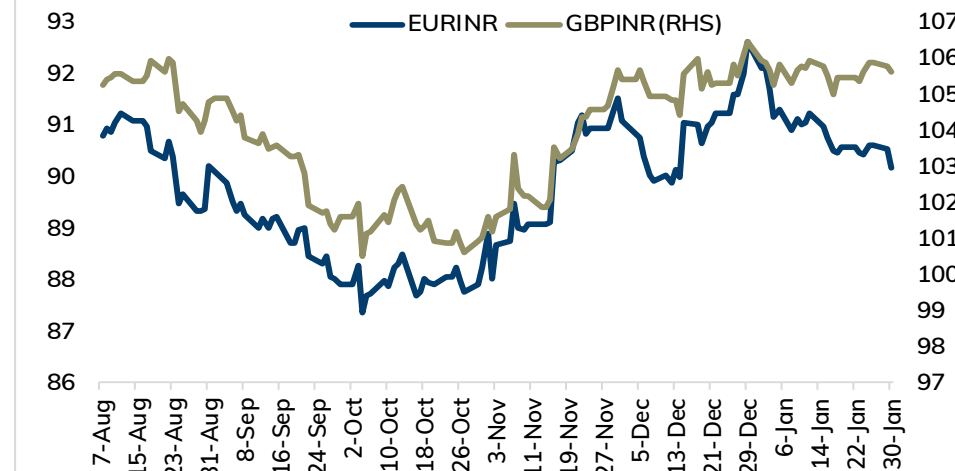
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee traded in a very tight range on Monday as most investors await the annual budget announcement this week. The rupee ended at 83.14 on Monday against its previous close at 83.12.
- Rupee is likely to remain in the range of 83.00-83.25 ahead of key events this weeks. The FOMC meeting along with annual budget would bring more clarity in the direction. Meanwhile, dip in the US treasury yields and improvement in the domestic equities would support the rupee to hold its ground. 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.

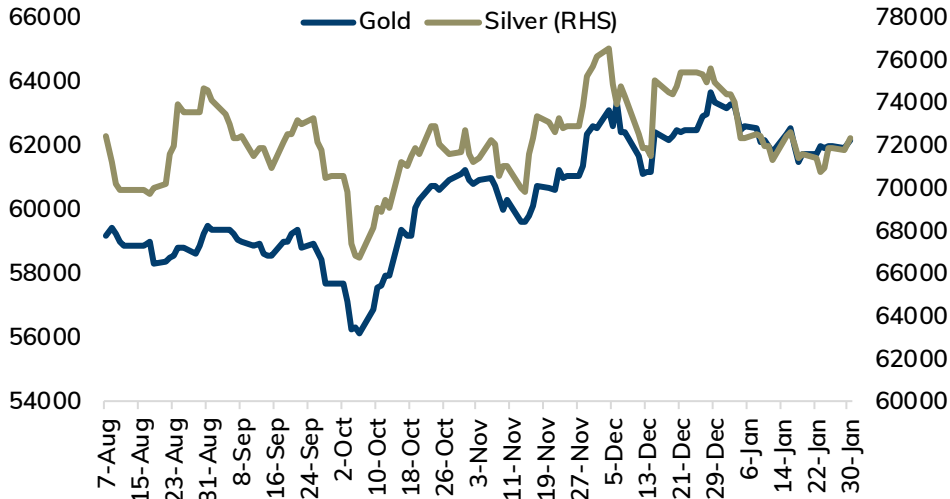
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro fell by 0.20% on Monday after dovish comments from the ECB members raised the speculation that the ECB will begin to cut interest rates as soon as April. EURUSD is likely to remain under pressure amid expectation of weaker GDP numbers in the Eurozone. The pair could slide further towards 1.0810, as long as it trades under 1.0880. EURINR February is most likely to move towards the lower band of the trading range of 90.00 - 90.70. Below 90.00 it would open the doors towards 89.80.
- Pound moved in a tight range on Monday 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 trade with a higher bias. GBPINR is likely to hold the support of 105.30 and move towards 106.20.

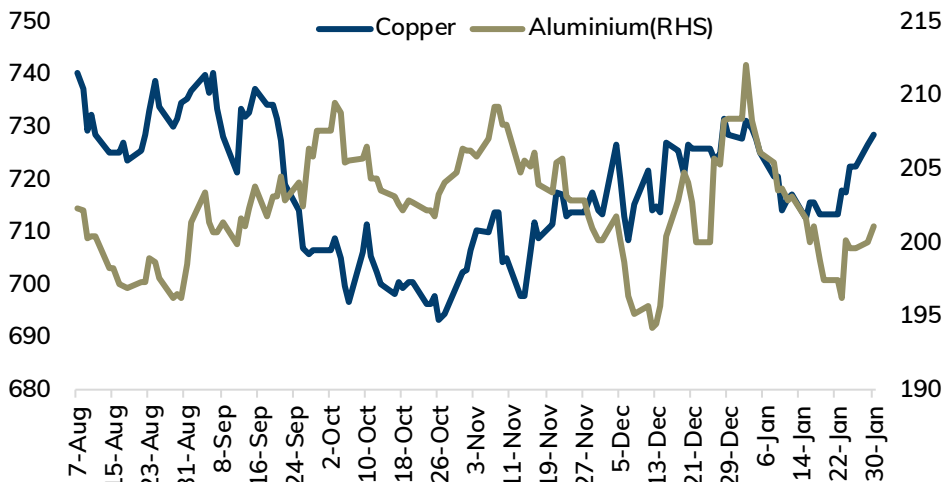
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$2015 level and rise towards \$2045 level amid expectation of further correction in dollar and decline in US treasury yields. Dollar and Yields may move south further as investors will brace for the FOMC rate decision and statement scheduled on Wednesday and U.S non farm payrolls data on Friday. US Fed is highly anticipated to keep rates unchanged but may provide some cues on timing of rate cuts. Additionally, demand for safe haven may increase on escalating tension in Middle East
- MCX Gold April prices is likely to hold the support near 62,000 level and rise towards 62,650 levels
- MCX Silver is expected to follow gold and rise further towards 73,000 level as long as it sustains above 71,700 level.

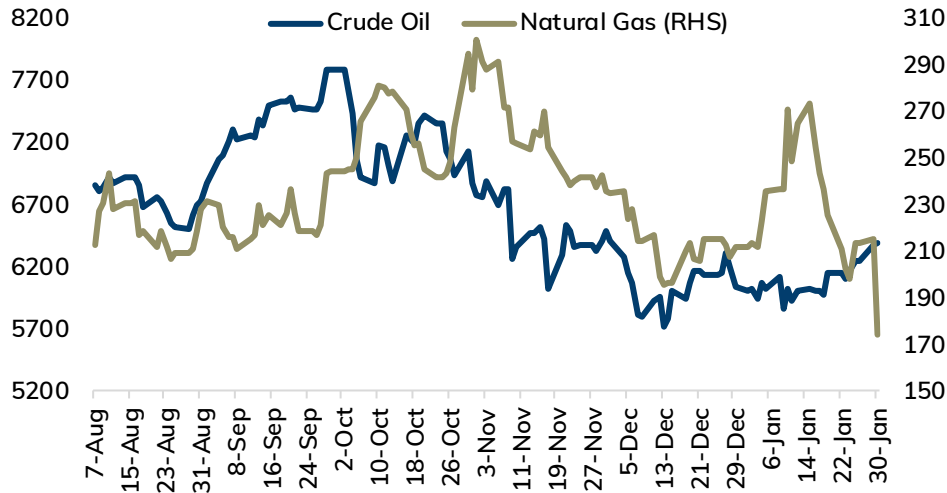
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid worries about China's economic growth and as ailing property sector sparked demand worries. The deepening real estate crisis is a blow to investor confidence. Further, investors fear that higher borrowing cost for longer duration will hurt global economic growth and dent demand for industrial metal. Meanwhile, decline in stockpiles at LME registered warehouses, weakness in dollar and rise in risk appetite in the global markets may prevent sharp downside in prices.
- MCX Copper is expected to slip towards 725 level as long as it stays below 733 level. A move above 733 would reverse the trend and open the doors for 736 levels.
- Aluminum is expected to rise further towards 206 level as long as it stays above 202.50 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$78.30 and slip towards \$75.50 level on concern over Chinese economic growth. China's ailing property sector sparked demand worries. However, sharp downside may be cushioned on escalating tension in Middle east and soft dollar. US Fed is widely expected to keep interest rates unchanged in upcoming meeting, but officials could provide indications that the fight against inflation has proceeded adequately to begin cutting rates sooner rather than later.
- MCX Crude oil is likely to slip further towards 6250 levels as long as it trades below 6500 levels.
- MCX Natural gas is expected to slip further towards 168 level as long as it trades below 178 level on the outlook for above normal U.S temperatures. Additionally, extended outage at an LNG export terminal in Texas threatens to limit US gas exports and boost domestic supplies

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61917	62052	62175	62310	62433
Silver	71364	71871	72210	72717	73056
Copper	724.3	728.1	730.3	734.2	736.4
Aluminium	202.0	203.1	203.9	205.0	205.8
Zinc	225.2	226.2	227.2	228.2	229.2
Lead	182.0	182.6	183.0	183.6	184.0
Crude Oil	6272	6336	6432	6496	6592
Nat Gas	171	175	180	183	188

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.08	83.12	83.14	83.17	83.19
US\$INR (Feb)	83.18	83.22	83.24	83.28	83.30
EURINR (Jan)	89.92	90.04	90.24	90.36	90.55
EURINR (Feb)	89.96	90.08	90.28	90.40	90.59
GBPINR (Jan)	105.45	105.56	105.62	105.73	105.79
GBPINR (Feb)	105.52	105.63	105.71	105.83	105.91
JPYINR (Jan)	55.95	56.08	56.19	56.32	56.43
JPYINR (Feb)	56.45	56.56	56.63	56.74	56.82

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.61	103.57	0.03%
US\$INR	83.14	83.12	0.03%
EURUSD	1.0833	1.0846	-0.12%
EURINR	90.01	90.57	-0.62%
GBPUSD	1.2709	1.2708	0.01%
GBPINR	105.62	105.78	-0.15%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.173	7.176	-0.003
US	4.074	4.118	-0.0444
Germany	2.235	2.290	-0.055
UK	3.876	3.983	-0.107
Japan	0.723	0.746	-0.023

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	150350	-1000	-0.66%
Aluminium	542750	-3500	-0.64%
Zinc	190925	-675	-0.35%
Lead	110650	-25	-0.02%
Nickel	69240	-36	-0.05%

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	-	-0.1%	-0.1%	High
8:30 PM	US	CB Consumer Confidence		111.3	110.7	Medium
8:30 PM	US	JOLTS Job Openings			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



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