

February 20, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Buy	717.50-718	725	714	Intraday
EURINR	February	Sell	89.48-89.50	89.10	89.70	Intraday

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News and Developments

- Spot gold prices ended the day with marginal gains as conflict in the Middle East buoyed bullion's safe haven appeal. Meanwhile, focus shifts towards this weeks FOMC minutes which could give more clarity on the timing of first interest rate cut by the Fed.
- The US dollar index edged higher to 104.34 on Monday. Trading activity was low as US markets are closed for the President's day holiday.
- US 10-year treasury yields rose to 4.298% on Friday and 2-year treasury yield, which typically moves in step with interest rate edged past 4.64%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 8.5% and prospects of rate cut in May jumped to 31% against 28% a day ago
- Crude oil prices fluctuated in a range on Monday as persistence geopolitical risk in the Mideast countered the demand concerns. Fresh attacks on the vessels in the Red Sea supported the NYMEX crude oil futures to rise above the \$78 mark.
- Copper prices slipped on Monday after China's central bank left key policy rates on medium-term loans unchanged. Meanwhile, depleting Copper inventories in LME to its lowest in six-months supported the red metal to trim its losses.
- NYMEX natural gas prices fell below the \$1.6/MMBtu for the first time since June 2020 amid higher production and above average temperatures in US. Gas output in February increased to an average of 105.8 billion cubic feet per day (bcfd) compared to 102.1 bcfd in January.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62004	0.20%	2017.21	0.18%
Silver	71306	-1.12%	23.02	-1.70%
Copper	720.2	-0.42%	8434.50	-0.64%
Aluminium	197.5	-0.80%	2197.00	-0.95%
Zinc	215.8	0.68%	2401.50	0.69%
Lead	177.5	-0.81%	2043.00	-1.02%
WTI Crude Oil	6518	-0.31%	79.19	1.49%
US Nat Gas	138.2	-1.50%	1.61	1.77%

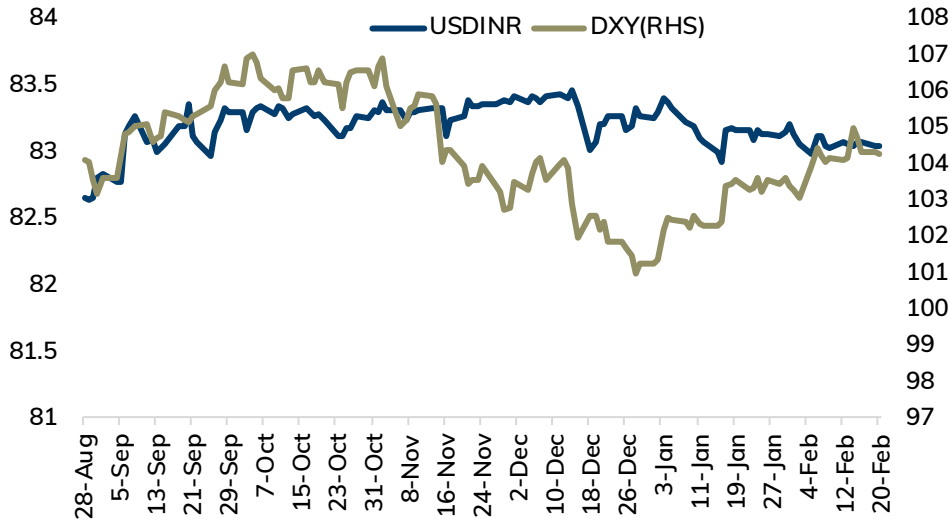
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.04	-0.04%	2424646	53764	846607	-34073
EURINR (27th Feb)	89.50	0.27%	149991	-7893	130385	-4877
GBPINR (27th Feb)	104.58	0.26%	192005	-21991	215441	59243

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Buy	718.50-719	726	715	Exit in Profit

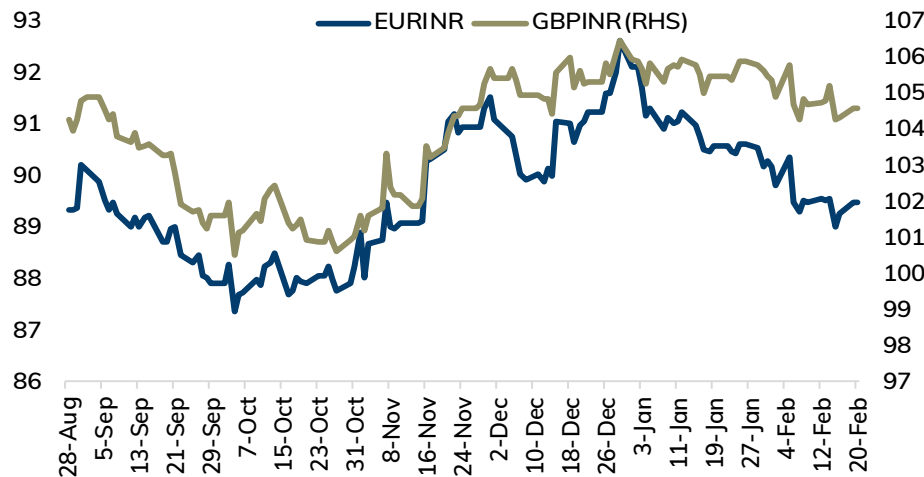
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee on Friday hovered in a tight range and ended little changed as dollar demand from importers worn the impact of supportive global cues.
- Rupee is likely to depreciate today amid firm dollar and rise in US treasury yields. Dollar is moving north as hotter than expected CPI and PPI data last week from US scaled back market expectations of early rate cut by US Fed. Moreover, investors now expects around 90bps rate cut this year, down sharply from 160 bps at the end of last year. Additionally, risk aversion in the global markets and surge in crude oil prices may hurt rupee. USDINR Feb likely to rise towards 83.15 levels as long as it sustains above 82.90 levels

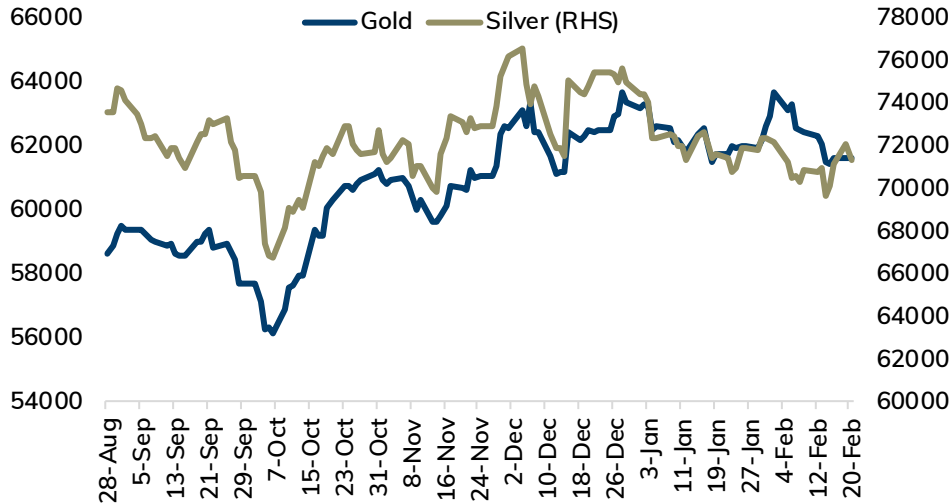
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.02% yesterday as hawkish comments from ECB official continued to support single currency. For today, EURUSD is likely to face the hurdle near 1.0790 level and slip further towards 1.0720 level amid strong dollar and pessimistic global market sentiments. Further, economic concerns would weigh on single currency. EURINR Feb may slip towards 88.90 level as long as it trades below 89.70 levels
- Pound is expected to slip further towards 1.2530 level amid firm dollar and risk aversion in the global markets. Further, disappointing economic data from Britain has raised the concern over economic health of the country. Meanwhile, investors will remain cautious ahead of Monetary policy report hearings to get fresh cues on interest rate outlook. GBPINR Feb is likely to move south towards 104.10 level as long as it stays below 104.70 levels

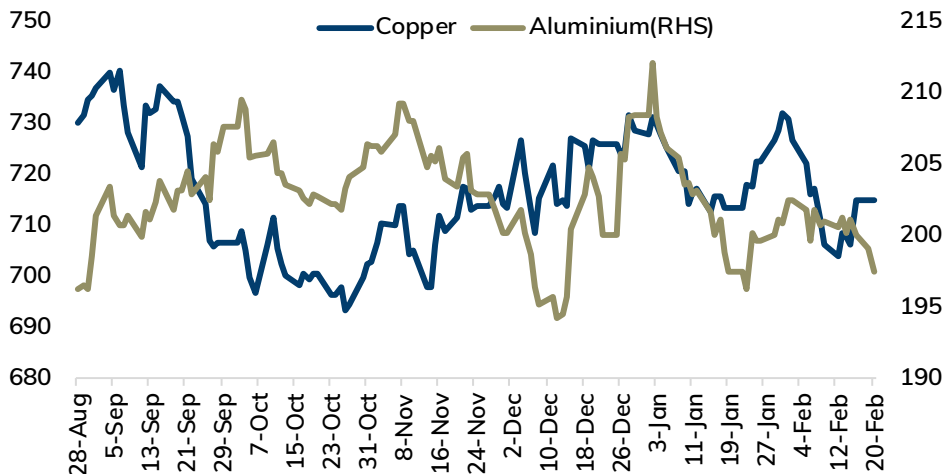
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face stiff resistance near \$2030 and weaken further towards \$2000 on diminishing prospects of early cut to interest rates by the Fed. Strong US dollar and higher US treasury yields would check the upside in the bullions. However, sharp fall in prices may be cushioned as demand for safe haven may rise on ongoing tension in the Middle east. Meanwhile, focus will shift towards this week's key FOMC meeting minutes.
- MCX Gold April price is expected to face the resistance at 62,200 and weaken further towards the immediate support at 61,600. Only close below 61,600 it would turn weaker and slide towards 61200.
- MCX Silver is expected to face the hurdle near 72,200 and move lower towards 70,800. Only a sustained move below 70,800, would weaken further towards 70,400.

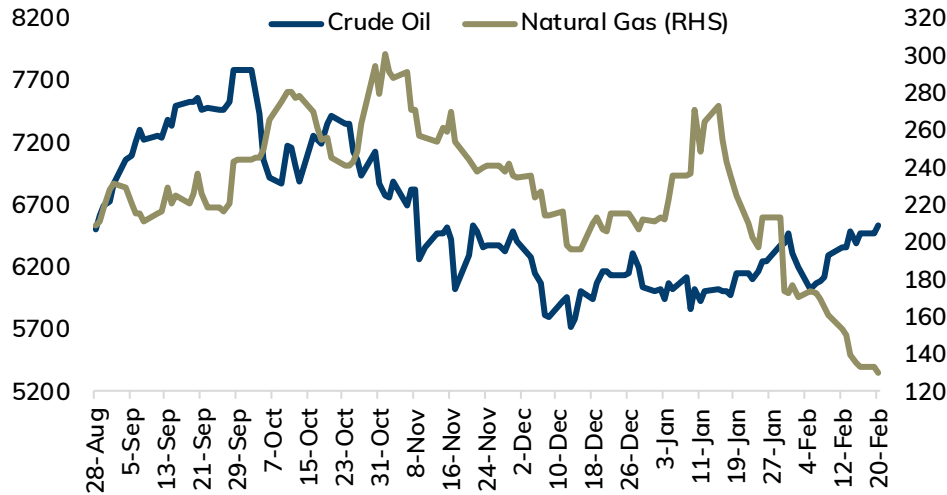
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to find support and move north amid tightness in the physical market. Further, 25 bps cut in 5 year loan prime rate by PBOC would brighten hopes of more stimulus measure from China to support economic growth. Moreover, depleting stocks at LME registered warehouses and hopes of fresh demand from China after New year holiday would support the metals to hold its ground. Meanwhile, strong dollar could restrict the upside in the red metal.
- MCX Copper is expected to hold the 20 day EMA at 718 and rise towards 726. Only a sustained move above 726 would push the price towards 730.
- Aluminum is expected to find support near 196 and trim its earlier losses. On the upside 199 would act as immediate resistance.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is likely to hold its gains amid increasing supply concerns due to unrest in the Mideast. Recent attacks on the Red sea has ignited the tensions again, which might push the oil prices to the key resistance zone at \$79-\$80. Meanwhile, uncertain demand outlook in the coming year amid higher interest rate outlook would limit the NYMEX crude to go beyond the \$80 mark. Further, higher crude oil production from US would also limit its upside.
- MCX Crude oil March is likely to move in the range of 6400 and 6550. Only a move above 6550 it would open the doors towards 6640. On the contrary, below 6400 it would again slide towards 6250.
- MCX Natural gas is expected to remain under pressure and move towards 125, as long as it trades under 136. Higher US production and forecast of mild winter in US would check upside in gas prices.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61801	61902	62005	62106	62209
Silver	70910	71108	71379	71577	71848
Copper	716.7	718.4	720.5	722.2	724.3
Aluminium	195.5	196.5	197.9	198.8	200.2
Zinc	212.6	214.2	215.3	216.9	218.1
Lead	175.9	176.7	177.7	178.5	179.5
Crude Oil	6418	6468	6500	6550	6582
Nat Gas	136	137	138	140	141

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.01	83.02	83.04	83.06	83.08
US\$INR (Mar)	83.09	83.10	83.12	83.14	83.16
EURINR (Feb)	89.30	89.40	89.46	89.56	89.62
EURINR (Mar)	89.39	89.52	89.59	89.72	89.80
GBPINR (Feb)	104.29	104.43	104.57	104.71	104.85
GBPINR (Mar)	104.41	104.54	104.67	104.80	104.93
JPYINR (Feb)	55.31	55.36	55.40	55.44	55.48
JPYINR (Mar)	55.68	55.72	55.75	55.79	55.83

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.29	104.28	0.02%
US\$INR	83.02	83.04	-0.03%
EURUSD	1.0779	1.0777	0.02%
EURINR	89.38	89.14	0.27%
GBPUSD	1.2594	1.2602	-0.06%
GBPINR	104.48	104.26	0.22%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.099	7.088	0.011
US	4.279	4.230	0.0492
Germany	2.411	2.402	0.009
UK	4.108	4.108	0
Japan	0.735	0.735	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
1/4/2024	9:00 PM	-5.5M	-3.2M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	128300	-2375	-1.82%
Aluminium	549600	14675	2.74%
Zinc	270050	5225	1.97%
Lead	179950	2375	1.34%
Nickel	70338	-1206	-1.69%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 19, 2024						
5:31 AM	UK	Rightmove HPI m/m	0.90%	-	1.30%	Medium
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, February 20, 2024						
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	3.95%	4.10%	4.10%	Medium
3:45 PM	UK	Monetary Policy Report Hearings	-	-	-	Medium
Wednesday, February 21, 2024						
4:30 PM	UK	CBI Industrial Order Expectations	-	-27	-30	Medium
6:30 PM	US	FOMC Member Bostic Speaks	-	-	-	Medium
8:30 PM	Europe	Consumer Confidence	-	-16	-16	Medium
Thursday, February 22, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.5	43.1	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	46.1	45.5	High
2:30 PM	Europe	Flash Manufacturing PMI	-	47	46.6	High
3:00 PM	UK	Flash Manufacturing PMI	-	47.5	47	High
7:00 PM	US	Unemployment Claims	-	217K	212K	High
8:15 PM	US	Flash Manufacturing PMI	-	50.1	50.7	High
8:15 PM	US	Flash Services PMI	-	52	52.5	High
8:30 PM	US	Existing Home Sales	-	3.97M	3.78M	Medium
9:00 PM	US	Natural Gas Storage	-	-	-49B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	12.0M	Medium
Friday, February 23, 2024						
12:30 PM	Europe	German Final GDP q/q	-	-0.30%	-0.30%	Medium
2:30 PM	Europe	German ifo Business Climate	-	85.5	85.2	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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