

January 29, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	February	Buy	61950-61960	62350	61750	Intraday
USDINR	February	Sell	83.25-83.26	83.05	83.38	Intraday

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News and Developments

- Gold prices held steady on Friday as focus shifted towards the key US federal Reserve's policy due next week. Better than expected US 3rd quarter advance GDP numbers diminished the prospects of rate cut in March and supported the treasury yields to stay higher. However, moderation in the key US inflation numbers which remained below the 3% mark for the third straight month has again brightened the hopes of rate cut in March.
- The US dollar index edged lower after the US core PCE numbers dipped below the 3% and US PCE numbers remained steady at 2.7%.
- Yield on benchmark US 10-year treasury note held steady around 4.14% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.35%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March rose to 47.7% from 46.2% a day ago and prospects of no rate cut dipped to 50.9% from 52.3% a day ago
- NYMEX Crude oil prices edged higher on Friday after testing its highest level in last two months as positive US economic growth numbers and hopes of stimulus from China supported its gains. Further, larger than expected drawdown in crude oil inventories and lower production from US also supported the oil to settle above the \$77 mark
- Copper prices held its gains after China announced to cut the reserve requirement ratio and it was considering to mobilize about 2 trillion yuan to stabilize a slumping stock market
- NYMEX natural gas pared its earlier losses and gained more than 4% on Friday on forecast for cooler weather in the next two weeks than previously expected.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61964	-0.03%	2020.84	0.35%
Silver	71773	-0.13%	22.91	1.09%
Copper	729.5	-0.05%	8568.50	0.07%
Aluminium	203.1	-0.05%	2238.50	0.40%
Zinc	228.1	0.00%	2580.00	-0.17%
Lead	182.7	-0.30%	2151.00	-0.51%
WTI Crude Oil	6381	2.05%	77.36	3.02%
US Nat Gas	182.5	-1.78%	2.57	-2.65%

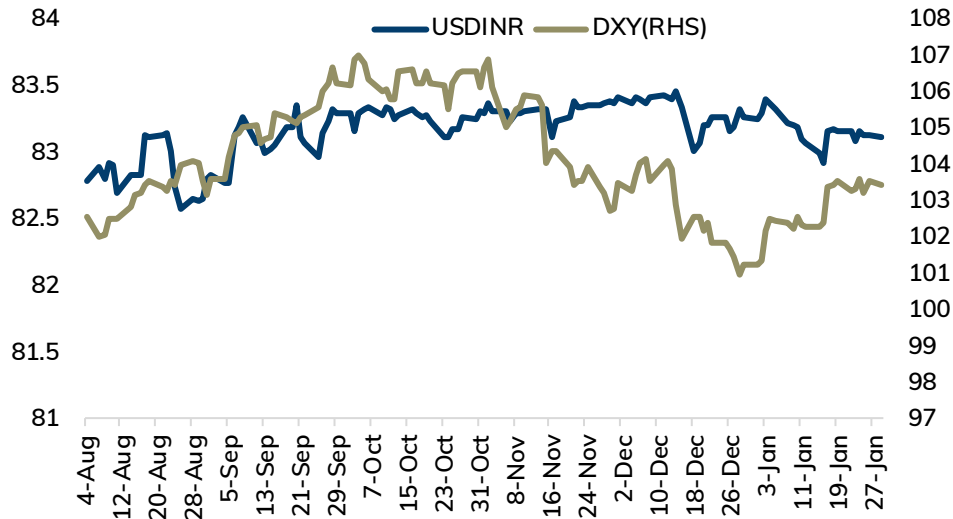
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.11	-0.03%	2637902	-588911	2510218	678704
EURINR (29th Jan)	90.55	-0.09%	111539	-15971	98032	-42932
GBPINR (29th Jan)	105.79	-0.13%	134679	-74544	223479	-14027

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	February	Buy	6180-6200	6350	6120	Not Initiated
USDINR	January	Sell	83.20-83.22	83.00	83.30	Not Initiated

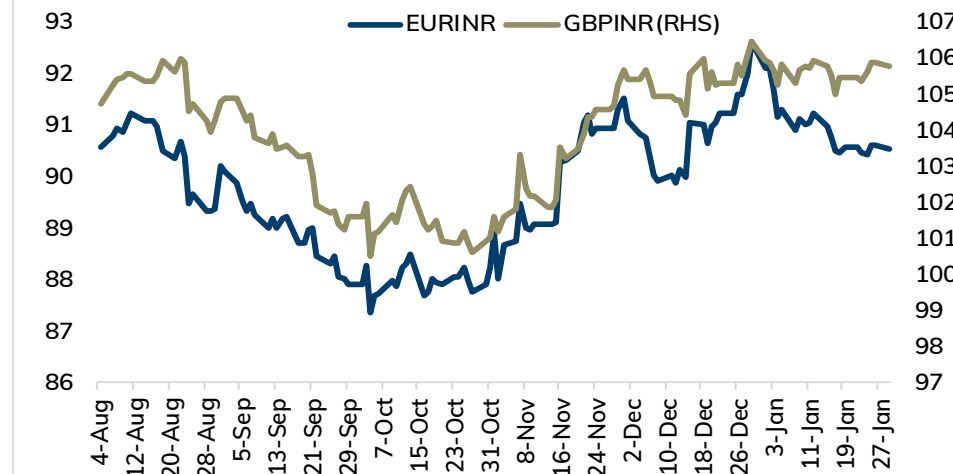
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee moved in a very thin range as most investors awaited fresh cues for directional momentum. The rupee ended at 83.1150 on Thursday against its previous close at 83.1225.
- Rupee is likely to appreciate towards the 83.00 mark on expectation of correction in the dollar. The softer US inflation numbers could force the US Federal Reserve to consider cut the interest rates by 25 bps in March. Meanwhile, higher crude oil prices and outflow of funds from the domestic equity markets would hurt the gain in the rupee. USDINR February is likely to consolidate in between 83.00-83.35. Only above 83.35 it would open the doors towards 83.45. On the other hand a move below 83.00 would weaken towards 82.80 mark.

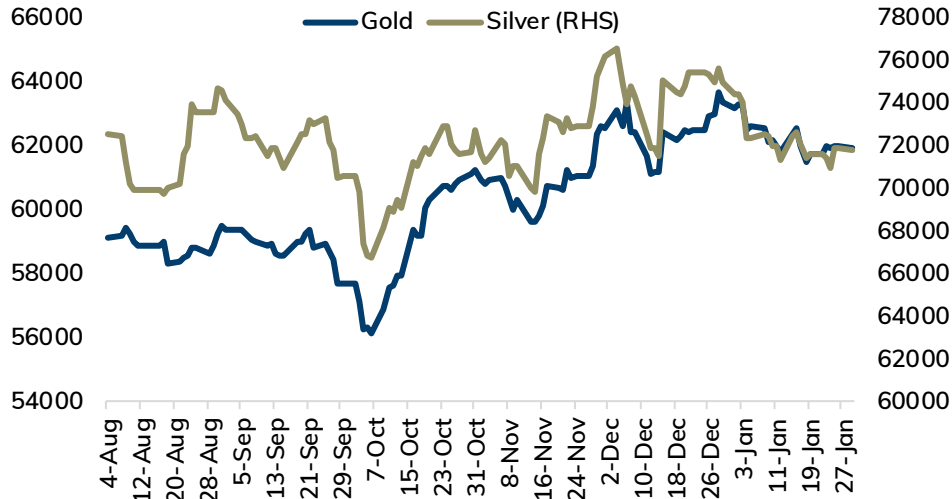
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro firmed slightly amid correction in the dollar. Meanwhile, weaker economic numbers from Germany checked its upside. EURUSD is likely to rise towards 1.0880 level on expectation of correction in the dollar. Meanwhile, focus will remain on key inflation numbers from the Euro zone and GDP numbers from Germany which may bring more clarity on ECB's stance on interest rate. EURINR February is most likely to move in the range of 90.20 to 90.70.
- Pound pared its earlier losses on Friday due to the retreat in the dollar. The pair is expected to hold its ground and move towards 1.2760 as better than expected economic numbers would keep BOE to hold the rates higher in first half of the year 2024.. The pair is expected to rise towards 1.2760, as long as it trades above 1.2670. GBPINR is likely to hold the support of 105.30 and move towards 106.20.

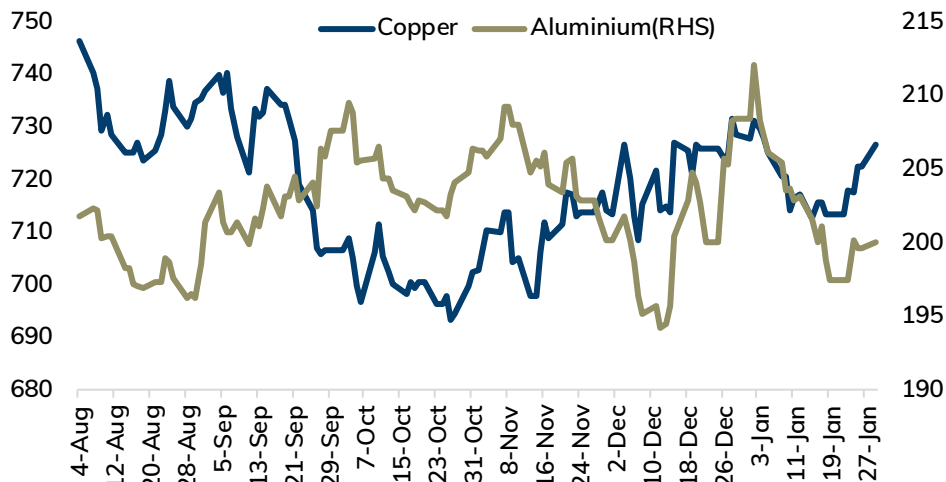
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold support near \$2000 level and move back towards \$2038 level amid softness in the dollar and safe haven buying. Dollar and yields may move lower on increasing expectation of Fed rate cut after the US core PCE price index dipped below the 3% for the first time in a year. The CME Fed-Watch tool indicates a 47.7% probability of rate cut in March against previous day reading of 46.2%. Meanwhile, increasing tension in the Middle east will bring safe haven buying into the bullions.
- MCX Gold prices is likely to find support near 61,800 and move higher towards 62,350 level. Only close above 62,350 it would extend its rebound towards 62,800
- MCX Silver is expected to follow yellow metal and rise back towards 72,500 level as long as it sustains above 71,000 level.

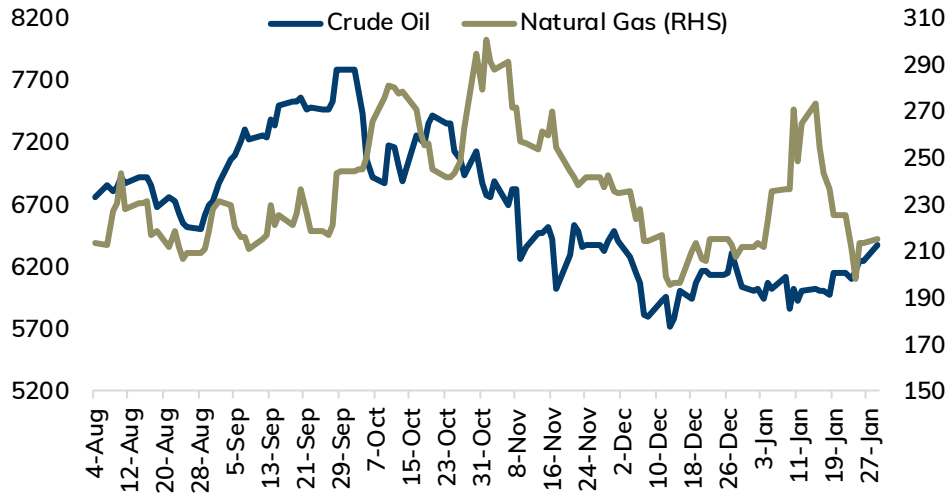
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with a positive bias amid softness in the dollar and support from fresh stimulus measures by the Chinese government. Further, depleting stocks and increasing supply concerns would support the red metal to hold its gains. Meanwhile, sluggish demand outlook from the top metal consumer China would limit its upside
- MCX Copper February is expected to find support near 726 and move higher towards 735. Only a move above 735 it would rally towards 740.
- Aluminum is expected to trade higher towards 205, as long as it holds above the 201 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move higher towards \$80 on expectation of improved demand and persistent tension in Middle east. Fresh attacks by the Houthi militants in the red sea has raised the concerns on supply. Further, slump in US crude oil output and expectation of more stimulus measures from China to support its economy would push the oil prices higher. Meanwhile, focus will shift towards key FOMC meeting due this week.
- MCX Crude oil Feb is likely to find support near 6300 and move higher towards 6500. Above 6500 , it would open the doors towards 6600.
- NYMEX Natural gas is expected to find support and move north on forecast of colder weather in the first week of February. MCX Natural Gas February future is expected to rise towards 200, as long as holds above 180.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61679	61822	61982	62125	62285
Silver	71228	71500	71863	72135	72498
Copper	726.2	727.8	730.2	731.8	734.2
Aluminium	200.2	201.6	202.7	204.1	205.1
Zinc	225.7	226.9	228.6	229.8	231.5
Lead	181.4	182.0	182.8	183.4	184.1
Crude Oil	6144	6262	6327	6445	6510
Nat Gas	173	178	186	191	200

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.05	83.08	83.12	83.15	83.20
US\$INR (Feb)	83.14	83.18	83.21	83.24	83.27
EURINR (Jan)	90.36	90.46	90.54	90.63	90.71
EURINR (Feb)	90.51	90.60	90.68	90.77	90.85
GBPINR (Jan)	105.26	105.53	105.86	106.13	106.46
GBPINR (Feb)	105.59	105.72	105.82	105.94	106.04
JPYINR (Jan)	56.19	56.28	56.35	56.44	56.51
JPYINR (Feb)	56.57	56.66	56.75	56.84	56.92

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.57	103.24	0.33%
US\$INR	83.12	83.13	-0.02%
EURUSD	1.0846	1.0885	-0.36%
EURINR	90.57	90.65	-0.09%
GBPUSD	1.2708	1.2726	-0.14%
GBPINR	105.78	106.12	-0.32%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.176	7.184	-0.008
US	4.118	4.176	-0.0578
Germany	2.290	2.342	-0.052
UK	3.983	4.010	-0.027
Japan	0.746	0.717	0.029

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	151350	-3825	-2.46%
Aluminium	546250	1200	0.22%
Zinc	191600	-1875	-0.97%
Lead	110675	1100	1.00%
Nickel	69276	-54	-0.08%

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	-	-0.1%	-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
3:30 PM		OPEC Meeting				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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