

January 3, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	January	Buy	212-213	221	208	Intraday
EURINR	January	Sell	91.60-91.62	91.20	91.80	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadam

saif.mukadam@icicisecurities.com

Anup Sahu

anup.sahu@icicisecurities.com

News and Developments

- Spot gold prices erased its earlier gains and settled near the \$2060 mark amid rise in the US dollar and rally across the global bond yields. The US dollar index moved above 102 mark despite the US manufacturing PMI numbers indicated contraction in the manufacturing activity.
- The US manufacturing PMI in Dec was revised lower to a 6-month low of 47.9 against expectation of 48.4.
- The US 10 year treasury yields moved towards the 4% mark as traders lowered expectation of rate cuts in 2024.
- The CME Fed-Watch tool indicates more than 69% probability of a 25 bps cut in March, which was revised downwards from last week's reading of 74%.
- NYMEX Crude oil failed to capitalize its earlier gains and slide towards the \$70 mark amid easing concerns that tensions in the Red sea will disrupt supplies. Further strong dollar and weakness in the global equities also weighed on the oil prices to shed almost 1% yesterday.
- Copper prices reversed its earlier gains and edged lower on Tuesday amid firm dollar and weaker manufacturing activities in US and Europe. Meanwhile, improved manufacturing numbers from China and depleting stocks in SHFE limited the downside in the red metal.
- NYMEX natural gas pared its earlier gains but settled with a gain of around 2% amid forecast of cold weather and more heating demand this week. Further, higher export demand also supported the prices to rise towards \$2.60. Meanwhile, higher inventory levels and record production in US checked any major upside in the gas prices

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63257	-0.10%	2058.96	-0.19%
Silver	74095	-0.40%	23.66	-0.55%
Copper	729.9	-0.17%	8544.50	-0.17%
Aluminium	208.3	-1.82%	2335.50	-2.03%
Zinc	230.6	-1.12%	2621.00	-1.39%
Lead	182.6	-0.08%	2064.00	-0.22%
WTI Crude Oil	5943	-1.39%	70.38	-1.77%
US Nat Gas	212.5	-0.65%	2.57	2.15%

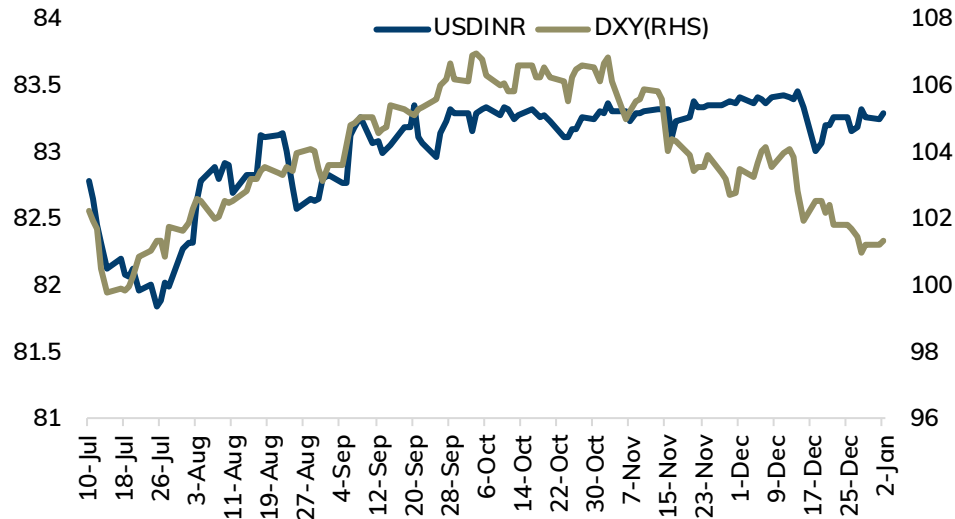
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.40	0.13%	4091469	226631	1520766	968539
EURINR (27th Dec)	91.72	-0.46%	317577	-39054	246638	212254
GBPINR (27th Dec)	105.72	-0.20%	244477	-18367	314010	275555

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	February	Buy	63200-63250	63600	63000	Profit Booked
USDINR	January	Sell	83.30-83.31	83.15	83.40	Stoploss Triggered

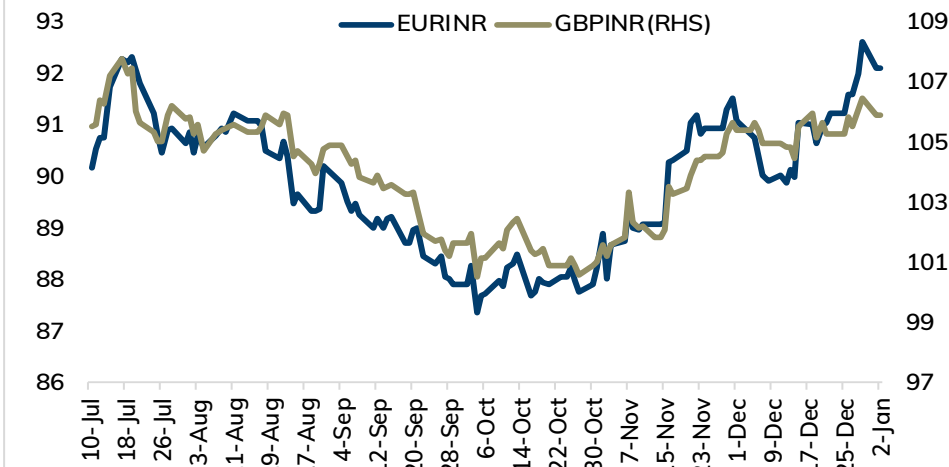
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid recovery in dollar, weak domestic market sentiments and dollar demand from importers.
- Rupee is likely to trade with negative bias amid rebound in dollar and risk aversion in the global markets. Dollar recovered as escalation of geopolitical tension in Middle East boosted safe haven demand. Meanwhile, investors will remain cautious ahead of FOMC meeting minutes and slew of economic data from US to get further insight on interest rate outlook. US ISM Manufacturing pmi data is likely to show that activity contracted for 14th consecutive month. Additionally, decline in crude oil prices may provide some aid to domestic currency. USDINR Jan will rise towards 83.46 levels as long as it stays above 83.30 levels.

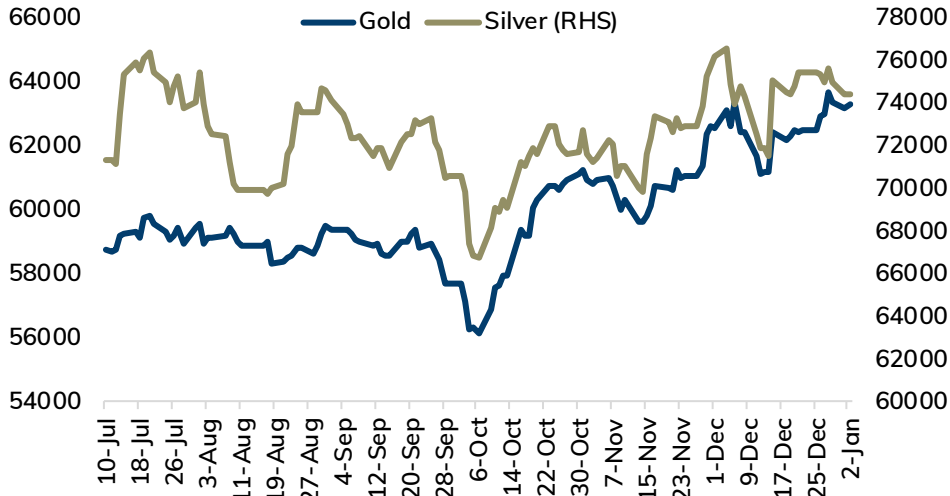
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped by 0.89% yesterday amid strong dollar and risk aversion in the global markets. Further, economic concerns weighed on single currency. Data showed manufacturing activity in euro zone contracted for 18th consecutive month. For today, EURUSD is likely to slip further towards 1.0900 levels amid strong dollar and pessimistic global market sentiments. EURINR Jan may slip towards 91.20 level as long as it trades below 91.80 levels.
- Pound is expected to decline further towards 1.2550 levels on strong dollar and risk aversion in the global markets. Further, data showed UK Manufacturing PMI suffered setback in its attempt to return to growth. GBPINR Jan is likely to move south towards 105.20 level as long as it stays below 106.00 levels.

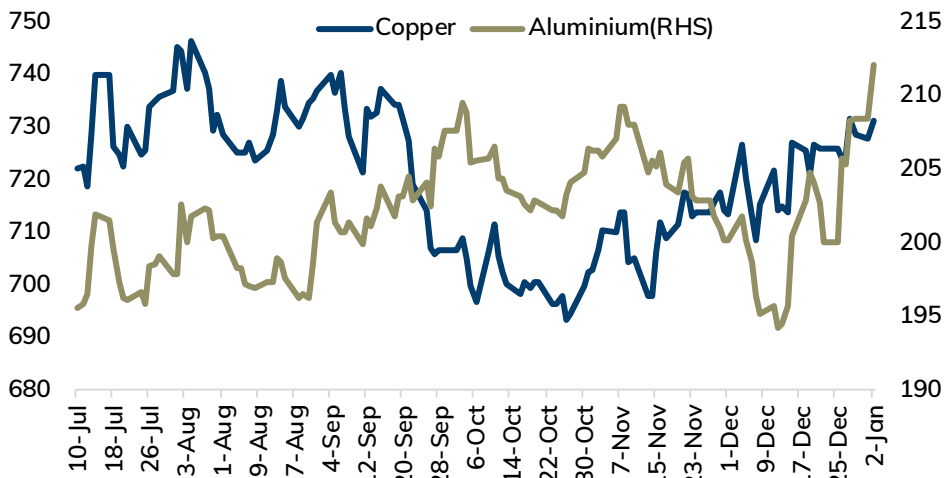
MCX Gold vs. Silver



Bullion Outlook

- Gold prices are likely to find support near \$2050 and move back towards \$2080 mark on expectation of weaker set of economic numbers from US. The US JOLTs job opening numbers are set to remain under 9.0M mark for the 2nd time in a row and ISM manufacturing PMI is likely to show contraction in the economy. Meanwhile, focus will shift towards the FOMC meeting minutes which could give more clarity on the next move from the Fed.
- MCX gold is expected to rise towards 63,600, as long as it holds above 63,000. Only a move above 63,600 would open the doors towards 63,900.
- MCX silver is likely to rise towards 74800, as long as it hold above the 50 day EMA at 73600.

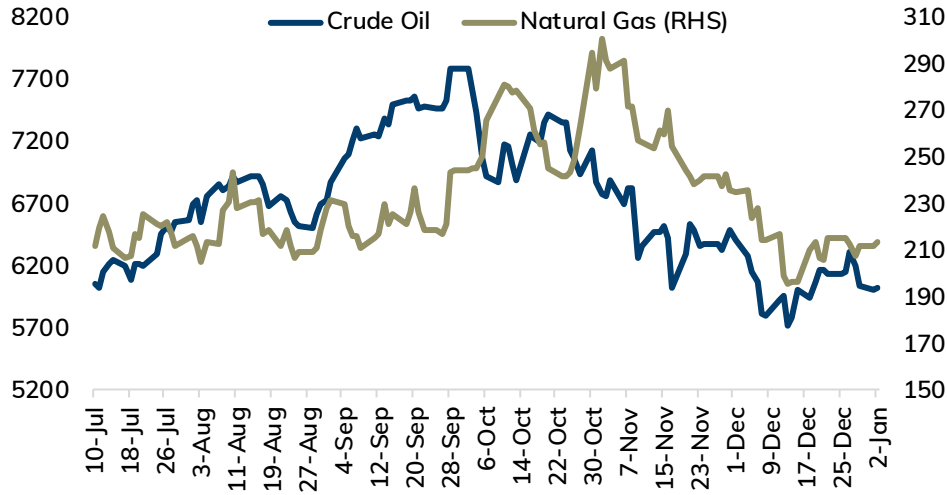
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade weak as weakness in the manufacturing activity across the globe indicates potentially lower demand of the metal. Prices may remain under pressure on lower production demand due to the sluggish growth in the Chinese housing sector. Meanwhile, depleting stocks in SHFE and persistence supply concerns would limit more downside in the metal. Moreover, expectation of more stimulus measures from China would help the metal to trim its losses.
- MCX Copper January is expected to decline towards 725, as long as it stays under 734 level.
- Aluminum is expected to face the hurdle near 210 and decline towards 206.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are expected to face hurdle near \$72.50 and weaken further towards \$69 mark amid easing concerns in the Red sea. Further, increasing supplies from the non-OPEC nations and uncertain demand outlook is likely to weigh on the oil prices. However, any sign of further attacks on the vessels in the Red sea could provide support to the oil prices to regain its strength.
- MCX Crude oil January is likely to face the hurdle near 6100 and weaken towards 5880. Only close below 5880 it would slide towards 5800
- MCX Natural gas January future is likely to rise towards 224 mark as long as it holds above the 210 level. Forecast of colder weather in US and record flow of gas to LNG export plants would support the prices to hold its gains.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62792	63024	63339	63571	63886
Silver	73416	73755	74378	74717	75340
Copper	724.6	727.2	730.7	733.3	736.8
Aluminium	204.3	206.3	209.9	211.9	215.5
Zinc	226.7	228.6	230.9	232.9	235.2
Lead	181.1	181.9	182.6	183.3	184.0
Crude Oil	5724	5833	5991	6100	6258
Nat Gas	202	207	215	221	229

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.28	83.34	83.39	83.45	83.49
US\$INR (Feb)	83.36	83.42	83.46	83.52	83.56
EURINR (Jan)	91.35	91.53	91.82	92.00	92.29
EURINR (Feb)	91.50	91.67	91.95	92.13	92.41
GBPINR (Jan)	105.16	105.44	105.92	106.19	106.67
GBPINR (Feb)	105.26	105.53	105.99	106.25	106.71
JPYINR (Jan)	58.91	59.00	59.12	59.21	59.34
JPYINR (Feb)	59.25	59.34	59.47	59.56	59.68

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.20	101.33	0.86%
US\$INR	83.32	83.24	0.10%
EURUSD	1.0942	1.1039	-0.88%
EURINR	91.78	91.98	-0.21%
GBPUSD	1.2617	1.2731	-0.90%
GBPINR	105.96	105.94	0.01%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.209	7.197	0.012
US	3.929	3.879	0.0503
Germany	2.068	2.024	0.044
UK	3.638	3.537	0.101
Japan	0.614	0.614	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 PM	3.6M	2.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	165700	-1600	-0.96%
Aluminium	566375	17325	3.16%
Zinc	223225	-1600	-0.71%
Lead	133900	-1800	-1.33%
Nickel	64158	102	0.16%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 01, 2024						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, January 02, 2024						
7:15 AM	China	Caixin Manufacturing PMI	50.8	50.4	50.7	High
8:30 PM	US	Construction Spending m/m	0.40%	0.60%	0.60%	Medium
Wednesday, January 03, 2024						
8:30 PM	US	ISM Manufacturing PMI	-	47.2	46.7	High
8:30 PM	US	JOLTS Job Openings	-	8.85M	8.73M	High
Thursday, January 04, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:15 AM	China	Caixin Services PMI	-	51.6	51.5	High
6:30 PM	Europe	German Prelim CPI m/m	-	0.20%	-0.40%	High
6:45 PM	US	ADP Non-Farm Employment Change	-	-	103K	High
7:00 PM	US	Unemployment Claims	-	210K	218K	High
9:00 PM	US	Natural Gas Storage	-	-	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	-7.1M	Medium
Friday, January 05, 2024						
3:00 PM	UK	Construction PMI	-	46.1	45.5	Medium
3:30 PM	Europe	CPI Flash Estimate y/y	-	3%	2.40%	Medium
7:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.40%	High
7:00 PM	US	Non-Farm Employment Change	-	168K	199K	High
7:00 PM	US	Unemployment Rate	-	3.80%	3.70%	High
8:30 PM	US	ISM Services PMI	-	52.5	52.7	High



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

I/We, , Raj Deepak Singh BE, MBA (Finance), Saif Mukadam BSc, MMS (Finance), Anup Sahu BSc, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.