

December 27, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62700-62750	63200	62450	Intraday
USDINR	January	Sell	83.30-83.31	83.15	83.40	Intraday

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News and Developments

- Gold strengthened its gains on Tuesday amid weakness in the US dollar and softness in treasury yields. The US dollar index traded near its 5-month low on increasing expectation that the Federal Reserve will cut the interest rates by 25 bps in March 2024.
- US 10 year treasury yields remained near 3.90% mark and 2 year yields traded under the 4.37%.
- The CME FedWatch tool indicates more than 70% probability of a 25 bps cut in March and another 25 bps rate cut in May gone up to 62%. Where as rate cut probability in January stood above 17%.
- NYMEX Crude oil futures jumped more than 2% on Tuesday amid ongoing concerns in the Middle East and disruption of oil supplies due to attacks on vessels in the Red Sea. Further, purchase of 3M barrels of oil by the US to refill the SPR also supported the NYMEX crude to trade above the \$75 level. Additionally increasing bets of rate cut from the Fed also strengthened its demand outlook.
- Copper prices edged lower on Tuesday, amid muted trading due to the Boxing day holiday in major markets. Earlier prices rallied on increasing hopes of more stimulus from the top metal consumer China.
- NYMEX natural gas futures pared its earlier gains and edged lower on Tuesday amid mild weather outlook. Mild weather in December have kept a lid on the demand for heating. Further, higher production levels in US also weighed on the gas prices.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63025	0.11%	2067.81	0.72%
Silver	75026	-0.48%	24.23	0.16%
Copper	724.7	0.10%	8573.50	-0.26%
Aluminium	205.4	-0.17%	2326.00	3.65%
Zinc	226.4	0.27%	2601.00	2.12%
Lead	179.3	-0.19%	2063.00	-0.15%
WTI Crude Oil	6315	2.47%	75.57	2.73%
US Nat Gas	212.9	-1.25%	2.55	-2.30%

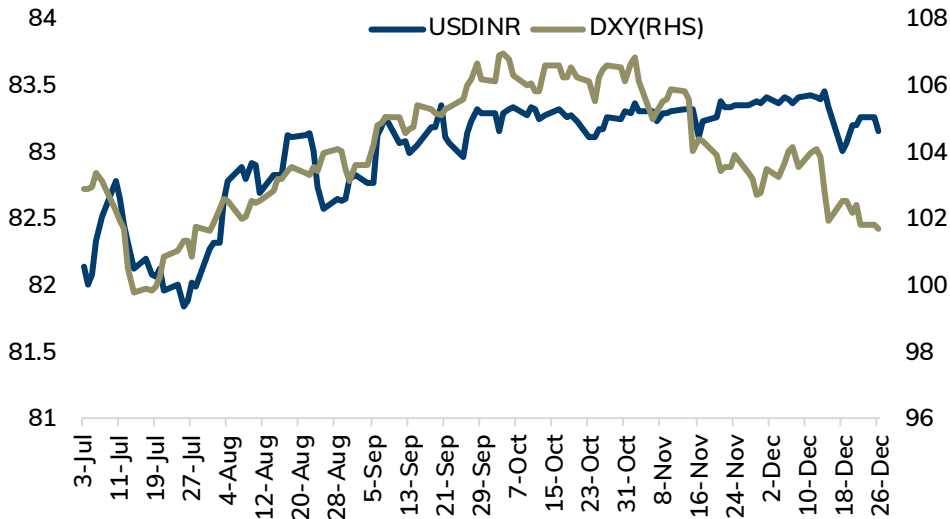
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.19	0.03%	2352848	-1066439	2834019	1088462
EURINR (27th Dec)	91.61	-0.02%	107304	-47451	125842	-40471
GBPINR (27th Dec)	105.55	-0.27%	136578	-36523	125935	-81377

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62550-62500	62950	62300	Not Initiated
USDINR	December	Sell	83.20-83.21	83.05	83.30	Exit in Profit

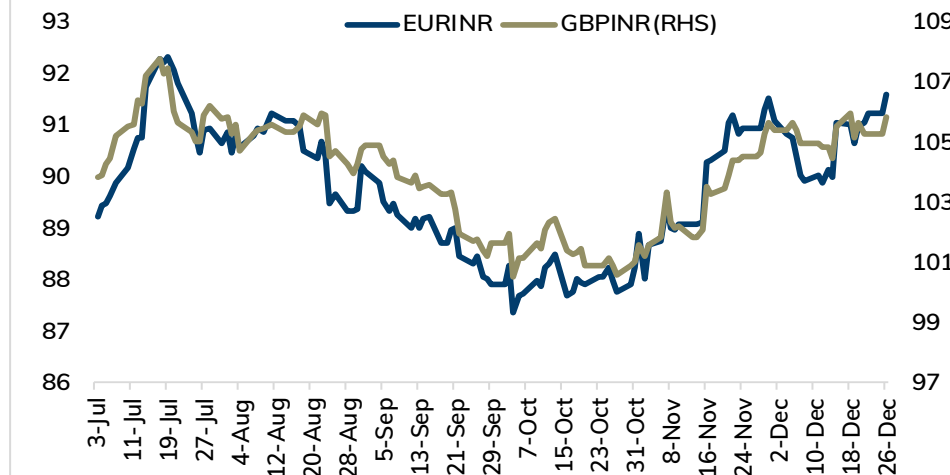
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday amid month end dollar demand from importers and FII outflows. Meanwhile, sharp fall in rupee was prevented due to decline in crude oil prices and as dollar hovered near 5-month low after PCE price index data showed annual US inflation slowed further below 3% in November.
- Rupee is likely to appreciate today amid soft dollar and decline in US treasury yields. Yields nosedive as recent inflation data bolstered expectations that US Federal Reserve will start cutting rates next year as soon as March. Additionally, improved economic data, optimistic domestic market sentiments and softening of crude oil prices will aid rupee. India's CAD narrowed to 1% of GDP in Q2 FY24 down from 1.1% in preceding quarter and 3.8% a year ago. USDINR Jan may slip towards 83.15 level as long as its stays below 83.40 level

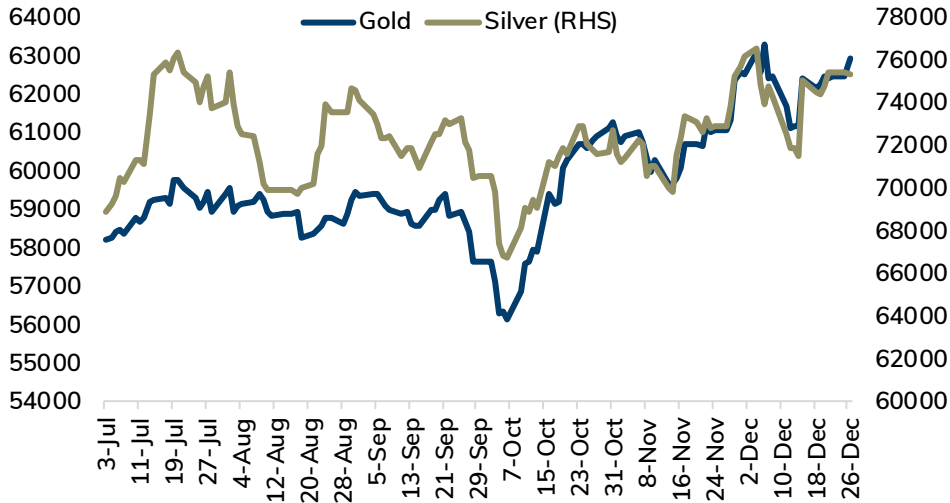
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro moved up by 0.30% yesterday majorly on the back of weakness in dollar. Meanwhile, activity in trading was muted as European markets were closed for Boxing day holiday. For today, EURUSD is likely to rise further towards 1.1060 level as long as it trades above 1.1000 level amid soft dollar and rise in risk appetite in the global markets. EURINR Jan may rise towards 92.00 level as long as it trades above 91.50 levels.
- Pound is likely to edged higher towards 1.2760 levels amid expectation of further weakness in dollar and optimistic global market sentiments. Meanwhile, disappointing economic data from Britain prompted investors to bring forward bets on when BOE will start cutting rates. GBPINR Jan is likely to move north towards 106.10 level as long as it stays above 105.40 levels

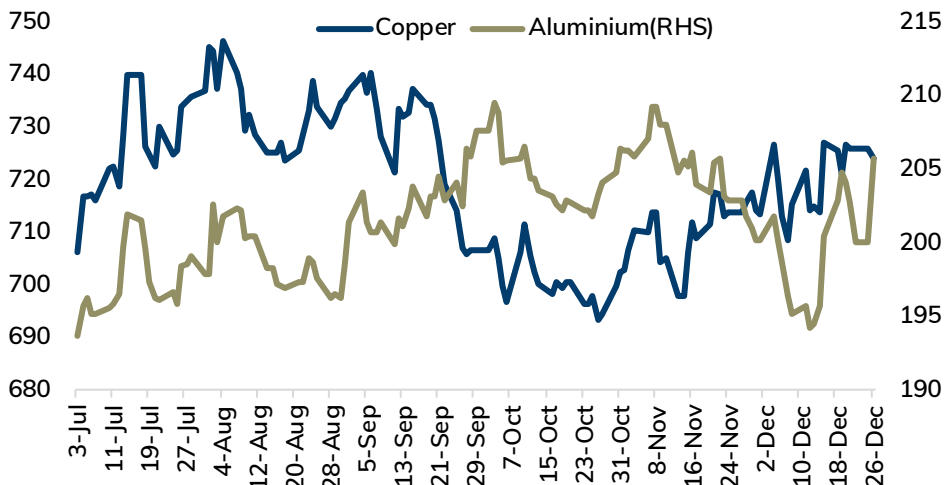
MCX Gold vs. Silver



Bullion Outlook

- Gold is expected to strengthen its gains and move towards \$2070, as long as it trades above the \$2050 mark amid weakness in the dollar and fall in US treasury yields. The softness in the US inflation numbers and weaker economic number has raised the bets of an early rate cut by the Fed in the coming year. Markets are now pricing more than 150 bps of rate cuts next year. Further, safe haven appeal in the bullions would also support it to hold its gain.
- MCX gold is expected to rise towards 63,300, as long as it holds above 62,800. A move above 63,300 would open the doors towards 63,600.
- MCX silver is likely to hold the support near 74500 and rebound again towards 75,800.

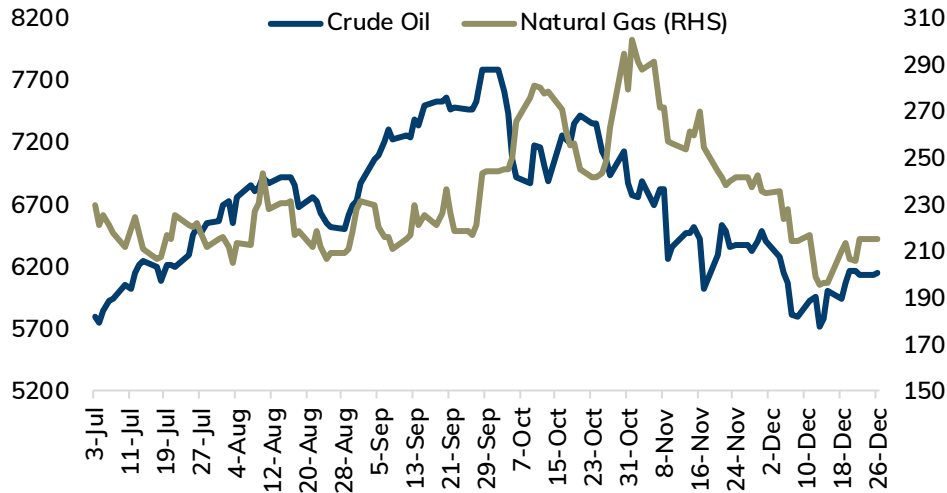
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with a positive bias amid weakness in the dollar and increasing supply concerns. Further, expectation of rate cut by China to strengthen the consumer credit would also support the bullish outlook in the red metal. Additionally depleting stocks in China and LME would push the metal to move above its recent highs.
- MCX Copper January is expected to move towards 738, as long as it holds above the 728. Above 738, it would rise towards 744.
- Aluminium is expected to hold its gains amid supply concerns. MCX Aluminium is likely to rise towards the 210 mark as long as it holds above 206 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are likely to face the hurdle near \$76.50 and correct towards the \$73.50 mark as major shipping firms started to return to the Red Sea despite continued attacks and escalating tension in the Middle East. Meanwhile, weakness in the dollar and increasing bets of interest rate cuts by the Fed would support the oil prices to stay above the \$73 mark.
- MCX Crude oil January is likely to face the hurdle near 6400 and move lower towards 6150. Only close above 6400 would bring fresh buying interest in the oil prices.
- MCX Natural gas January future is likely to face the hurdle near 210 and move lower towards 200 mark. Below 200, 195 would act as key support.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62747	62886	63042	63181	63337
Silver	74362	74694	75192	75524	76022
Copper	722.6	723.6	725.5	726.5	728.4
Aluminium	204.5	204.9	205.4	205.9	206.4
Zinc	224.6	225.5	226.8	227.7	228.9
Lead	178.6	178.9	179.2	179.6	179.9
Crude Oil	6011	6163	6253	6405	6495
Nat Gas	200	207	211	217	221

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.05	83.12	83.17	83.24	83.29
US\$INR (Jan)	83.14	83.20	83.25	83.32	83.36
EURINR (Dec)	91.47	91.54	91.63	91.69	91.78
EURINR (Jan)	91.59	91.65	91.75	91.81	91.92
GBPINR (Dec)	105.35	105.45	105.60	105.70	105.85
GBPINR (Jan)	105.47	105.56	105.70	105.79	105.93
JPYINR (Dec)	58.27	58.35	58.44	58.51	58.60
JPYINR (Jan)	58.66	58.74	58.84	58.91	59.01

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.47	101.70	-0.23%
US\$INR	83.19	83.15	0.05%
EURUSD	1.1042	1.1014	0.25%
EURINR	91.63	91.51	0.13%
GBPUSD	1.2725	1.2701	0.19%
GBPINR	105.58	105.49	0.09%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.182	7.186	-0.004
US	3.897	3.895	0.0017
Germany	1.979	1.964	0.015
UK	3.505	3.529	-0.024
Japan	0.635	0.625	0.01

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
11/1/2023	8:00 PM	0.8M	1.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	166675	1225	0.74%
Aluminium	508650	500	0.10%
Zinc	229200	-1550	-0.67%
Lead	128700	725	0.57%
Nickel	56058	2382	4.44%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 25, 2023						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, December 26, 2023						
7:30 PM	US	S&P/CS Composite-20 HPI y/y	4.90%	5.00%	3.90%	Medium
Wednesday, December 27, 2023						
8:30 PM	US	Richmond Manufacturing Index	-	-7	-5	Medium
Thursday, December 28, 2023						
7:00 PM	US	Unemployment Claims	-	211K	205K	High
7:00 PM	US	Goods Trade Balance	-	-88.4B	-89.6B	Medium
8:30 PM	US	Pending Home Sales m/m	-	1.10%	-1.50%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	2.9M	Medium
Friday, December 29, 2023						
1:30 PM	Europe	Spanish Flash CPI y/y	-	3.2%	3.2%	Medium
8:15 PM	US	Chicago PMI	-	50.5	55.8	Medium



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