

January 9, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	January	Buy	719.50-720	725	717	Intraday
EURINR	January	Buy	91.00-91.02	91.40	90.80	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 edged lower by 0.85% yesterday despite of weak dollar and decline in US treasury yields. Investors remained cautious ahead of key inflation data from US to get fresh cues on when Federal Reserve is likely to begin cutting interest rates
- Dollar slipped yesterday as market continued to digest last week's mixed US economic data. Meanwhile, sharp downside was cushioned as Atlanta Fed President Raphael Bostic's comments pushed back against a March rate cut
- As per CME Fedwatch tool expectations for Fed to cut rate in March slip to 58.1% from 64% a day ago while, prospects of no rate cut increased to 38.9% from 31.9% a day ago
- Yield on benchmark US 10-year treasury note slipped to 4.03% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.37%. Yields fell after New York Federal Reserve report said consumers expect lower inflation as well as weaker income and spending over the next several years
- Crude oil prices declined more than 4% yesterday amid sharp price cuts by Saudi Arabia and surge in OPEC output. Saudi Arabia cut its February official selling price of its flagship Arab Light crude to Asia to the lowest level in 27 months.
- Copper prices slipped yesterday on fears that global economic slowdown will hamper metal demand. Further, investors await economic data from China this week to shine a light on prospects for demand in world's biggest metal consumer
- Natural gas futures recover from an early selloff and settle higher for a 5th consecutive session amid signs of much colder weather across much of the U.S

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62095	-0.74%	2028.07	-0.85%
Silver	72427	-0.22%	23.11	-0.35%
Copper	720.4	-0.05%	8448.00	-0.18%
Aluminium	203.6	-0.92%	2236.50	-1.63%
Zinc	223.5	-0.89%	2509.00	-2.09%
Lead	182.3	-0.30%	2063.00	-0.63%
WTI Crude Oil	5863	-4.32%	70.77	-4.12%
US Nat Gas	236.7	0.08%	2.98	3.01%

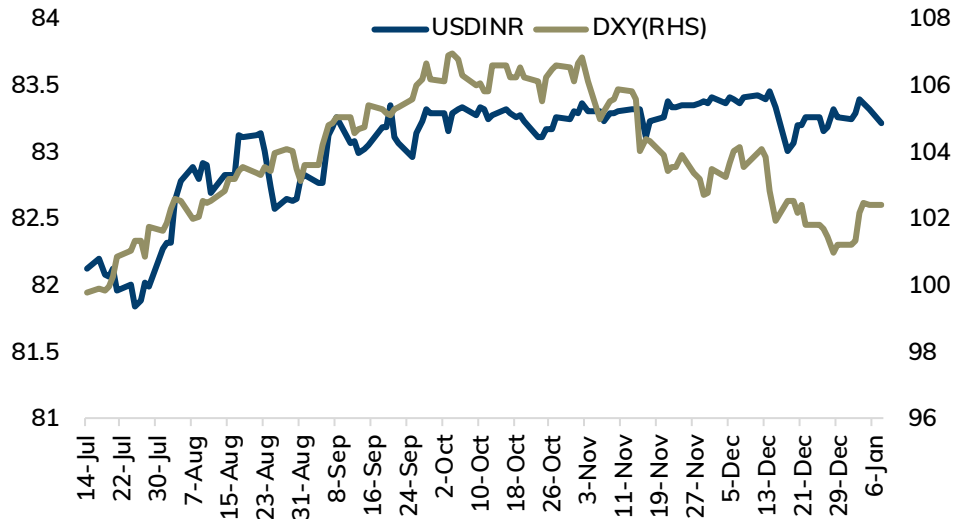
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.21	-0.02%	3717808	-119378	2282142	16540
EURINR (29th Jan)	91.15	0.24%	201639	-22282	183060	-112408
GBPINR (29th Jan)	105.72	0.38%	254676	17428	277859	16529

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	January	Buy	6040-6050	6240	5940	Stoploss Triggered
EURINR	January	Buy	91.00-91.02	91.40	90.80	Profit Booked

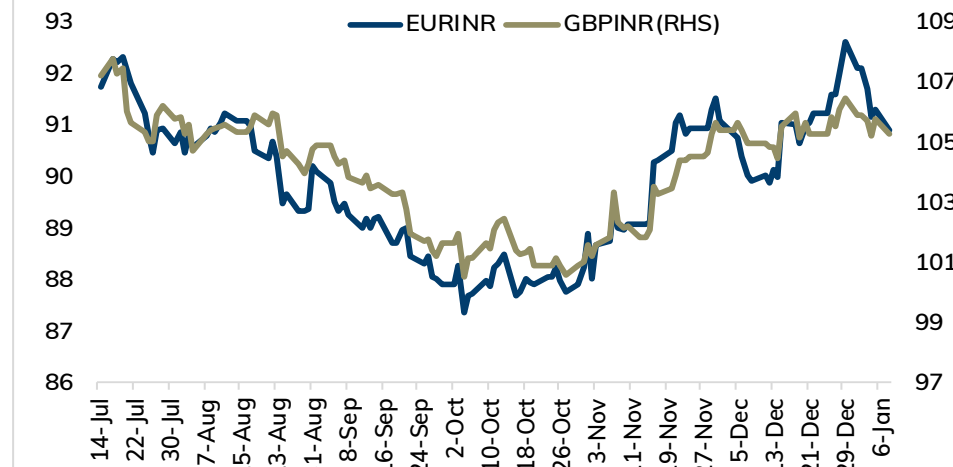
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated on Monday and hit almost the 83.00 mark amid ease in dollar and upbeat economic data from India. India's advanced GDP numbers showed growth of 7.3% in the 2023-24 fiscal year. Additionally, weakness in crude oil prices also supported the rupee to hold its gains.
- Rupee is likely to hold its gains today amid softness in the dollar and weakness in crude oil prices. Further, strong FII inflows and improved trade balance data would support the rupee to edge higher. Meanwhile, restrictive stance by the Atlanta Fed president Bostic to hold the rates higher until the inflation dip to the 2% target would limit more downside the dollar. USDINR may face the hurdle near 83.25 and move towards the support near 82.90 level.

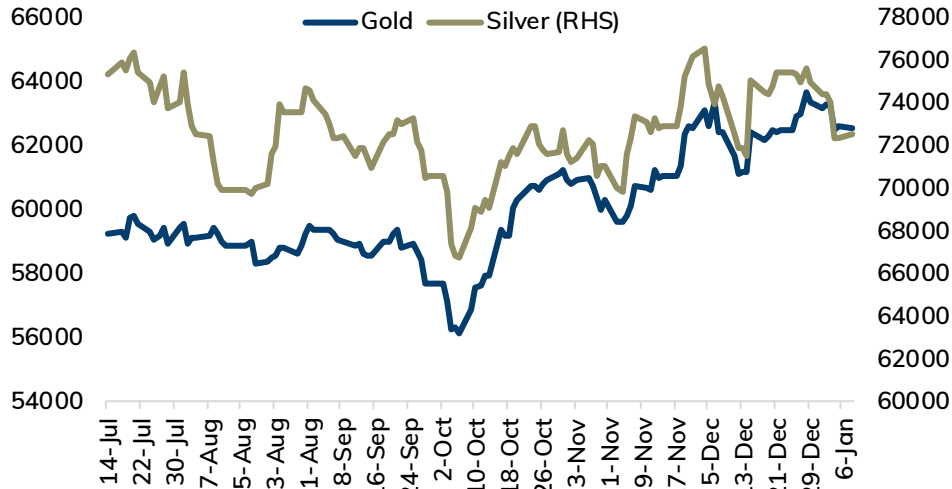
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro rose on Monday by 0.08% amid softness in the dollar and improved Eurozone economic Dec economic confidence to an 8-month high. For today, EURUSD is likely to move higher towards 1.0980 levels as long as it stays above 1.0910 levels amid softness in the dollar and forecast of improved German industrial production number. Meanwhile, investors will eye on key unemployment rate numbers from the Eurozone to get more clarity. EURINR may rise towards 91.40 level as long as it trades above 90.80 levels
- Pound is likely to extend its gain towards 1.280 level amid softness in the dollar, improved risk appetite in the global market. Meanwhile, weaker manufacturing growth and less than expected retail sales data would limit any major upside in the pair. GBPINR is likely to move north towards 106 level as long as it stays above 105.40 levels

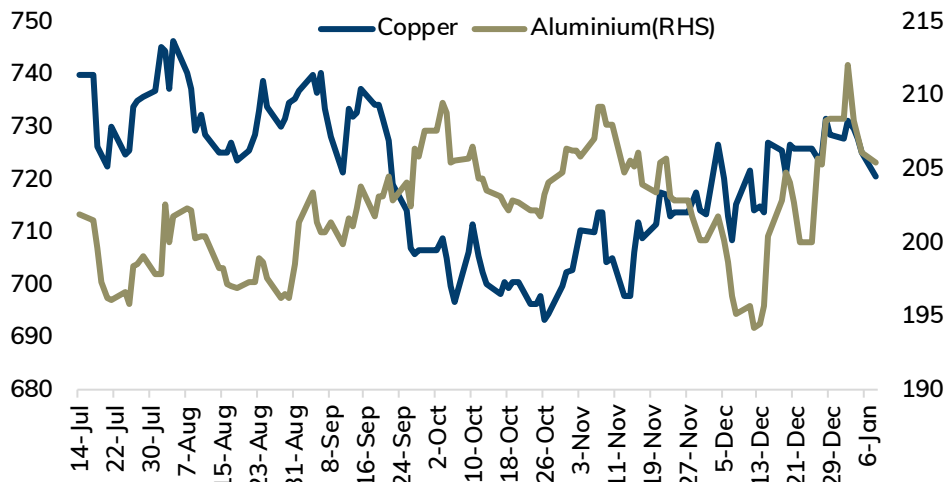
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$2015 and rise towards \$2050 level amid weakness in dollar and decline in US treasury yields across curve. Yields took a nosedive as recent batch of economic data from US signaled that economy is cooling. Further, New York Federal Reserve report showed consumers expect lower inflation over next several years. In its latest Survey, the New York Fed said inflation one year from now is expected to be at 3%, the lowest reading since January 2021. Additionally, demand for safe haven may increase on escalating tension in Middle East.
- MCX Gold prices is likely to move north towards 62,500 level as long as it trades above the support level of 61,900 levels
- MCX Silver is expected to follow gold and rise back towards 73,500 level as long as it sustains above 71,800 level.

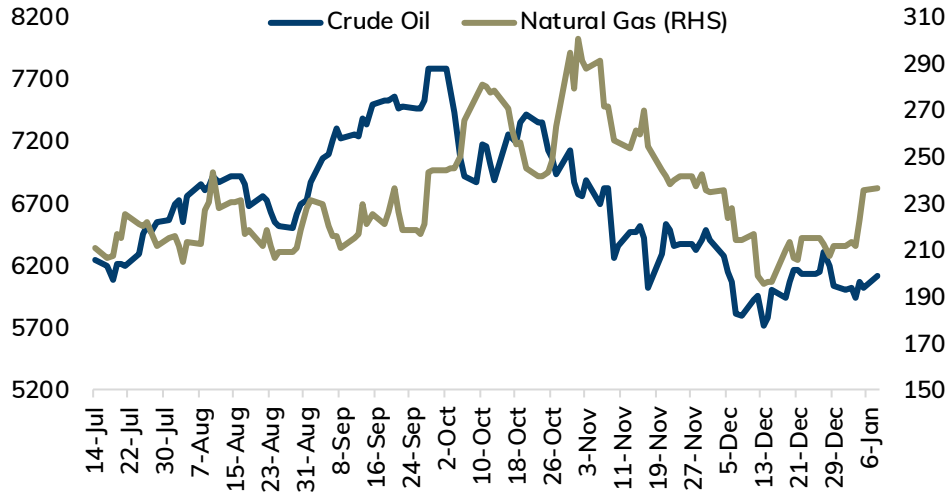
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weakness in dollar and rise in risk appetite in the global markets. Dollar is showing weakness as lower inflation expectation reinforced bets for slew of rate cuts from Fed this year. Further, decline in inventories at LME registered warehouses would be supportive for prices. Additionally, Chinese authorities hints at more easing with possible reserve ratio cut
- MCX Copper January is expected to rise further towards 725 level as long as it stays above 717 level. A move above 725 would open the doors towards 728 levels.
- Aluminum is expected to hold the support near 203 level and rise towards 205 levels.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$69 as long as it trades below \$72.0 on concern over sluggish demand. Further, Saudi Arabia's decision to cut its official selling prices for February has raised concern about OPEC+ devotion to additional output cut announced for Q1 CY24. Additionally, as per media report OPEC oil output rose in December as increases in Angola, Iraq and Nigeria offset continuing cuts by Saudi Arabia and other members of the wider OPEC+ alliance. Meanwhile, sharp downside may be cushioned as market fears that conflict between Hamas and Israel could grow into regional crisis disrupting Middle Eastern oil supplies
- MCX Crude oil is likely to slip further towards 5700 levels as long as it trades below 6000 levels.
- MCX Natural gas is expected to rise towards 245 level as long as it trades above 233 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61591	61843	62177	62429	62763
Silver	71461	71944	72289	72772	73117
Copper	715.3	717.8	720.2	722.7	725.1
Aluminium	202.1	202.8	204.0	204.7	205.9
Zinc	221.3	222.4	223.9	225.0	226.6
Lead	180.8	181.5	182.4	183.1	184.0
Crude Oil	5686	5774	5936	6024	6186
Nat Gas	217	227	234	244	251

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.07	83.14	83.18	83.25	83.30
US\$INR (Feb)	83.16	83.22	83.27	83.33	83.37
EURINR (Jan)	90.86	91.01	91.09	91.23	91.32
EURINR (Feb)	90.99	91.14	91.23	91.37	91.46
GBPINR (Jan)	105.34	105.53	105.64	105.82	105.93
GBPINR (Feb)	105.46	105.62	105.72	105.88	105.98
JPYINR (Jan)	57.66	57.76	57.84	57.94	58.02
JPYINR (Feb)	58.01	58.10	58.18	58.28	58.36

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.21	102.41	-0.20%
US\$INR	83.14	83.16	-0.03%
EURUSD	1.0950	1.0943	0.06%
EURINR	90.94	90.76	0.20%
GBPUSD	1.2748	1.2720	0.22%
GBPINR	105.54	105.29	0.24%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.202	7.235	-0.033
US	4.031	4.046	-0.0152
Germany	2.136	2.156	-0.02
UK	3.772	3.787	-0.015
Japan	0.610	0.610	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	161725	-1450	-0.89%
Aluminium	569100	10925	1.96%
Zinc	218375	-1675	-0.76%
Lead	126400	-1325	-1.04%
Nickel	64896	360	0.56%

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 08, 2024						
12:30 PM	Europe	German Factory Orders m/m	0.30%	1.10%	-3.70%	Medium
3:30 PM	Europe	Retail Sales m/m	-0.30%	-0.30%	0.10%	Medium
Tuesday, January 09, 2024						
12:30 PM	Europe	German Industrial Production m/m	-	0.4%	-0.4%	Medium
3:30 PM	Europe	Unemployment Rate		6.5%	6.5%	Medium
Wednesday, January 10, 2024						
8:30 PM	US	Final Wholesale Inventories m/m		-0.2%	-0.2%	Medium
9:00 PM	US	Crude Oil Inventories		-	(-5.5) M	Medium
Thursday, January 11, 2024						
7:00 PM	US	CPI y/y		3.20%	3.10%	High
7:00 PM	US	Unemployment Claims		211k	202k	High
Friday, January 12, 2024						
7:00 AM	China	CPI y/y		-0.4%	-0.5%	High
7:00 AM	China	PPI y/y		-2.6%	-3.0%	Medium
12:30 PM	UK	GDP m/m		0.2%	-0.3%	High
12:30 PM	UK	Industrial Production m/m		0.3%	-0.8%	Medium
5:30 PM	India	CPI y/y		5.7%	5.5%	High
5:30 PM	India	Industrial Production y/y		7.2%	11.7%	High
7:00 PM	US	Core PPI m/m		0.2%	0.0%	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

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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

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