

February 12, 2024

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Sell	707-707.5	700	711	Intraday
EURINR	February	Buy	89.60-89.62	90.00	89.40	Intraday

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## News and Developments

- Spot gold prices edged lower on Friday amid higher bond yields. In addition, hawkish comments from the Fed members also weighed on the bullions when they favored waiting before cutting interest rates. Further, long liquidation of gold by funds after the long ETF holdings fell to 4-year low also weighed on the bullion prices.
- The US dollar index edged lower on Friday amid rally in the US equities, whereas hawkish comments from the Fed members limited the downside. Meanwhile, decline in inflation remained on track following revision.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 17.5% from 19% a day ago while, prospects of rate cut in May soared to 67% from 50% a day ago
- US 10-year treasury yields moved up and 2-year treasury yield, which typically moves in step with interest rate expectations hit an almost two month high.
- Crude oil prices gained more than 6% last week as geopolitical tension in the Middle East continued to drive prices. Israel continues its military operation in Gaza. Additionally, US conducted a drone strike in Baghdad this week targeting a militant leader. This action has heightened the tension with Iraq.
- Copper prices extended its losses on Friday to their weakest level in 3 months amid pessimistic industrial sentiment in China. Prolonger property sector crisis in China raised the doubts on future demand.
- Zinc and Lead test fresh lows amid sharp gain in LME inventory levels.
- NYMEX natural gas prices extended its decline as warm US winter signaled lower demand.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62294	-0.24%	2024.26	-0.50%
Silver	70774	-0.09%	22.61	0.13%
Copper	703.8	-0.35%	8169.00	-0.30%
Aluminium	200.5	-0.20%	2216.00	-0.25%
Zinc	207.6	-1.07%	2300.50	-1.16%
Lead	175.3	-1.02%	2032.00	-1.10%
WTI Crude Oil	6361	0.86%	76.84	0.81%
US Nat Gas	159.0	-3.40%	1.85	-3.65%

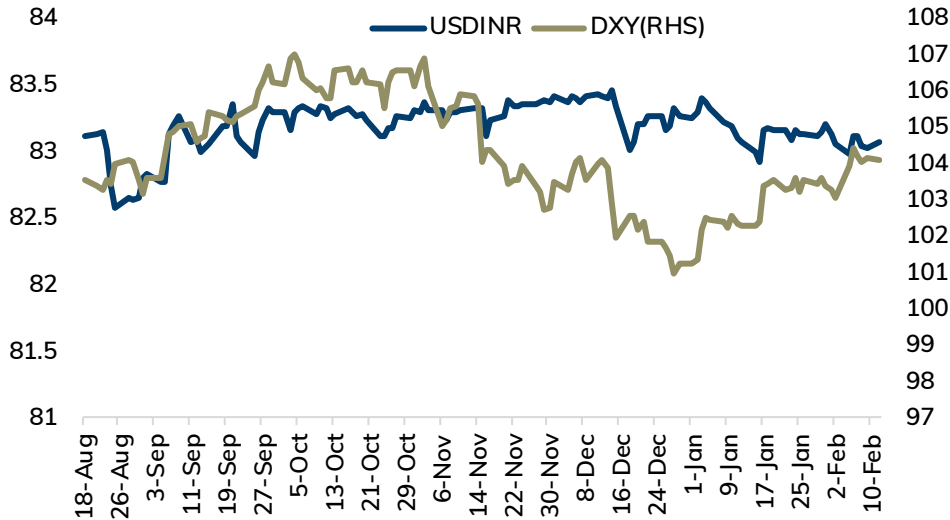
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.08	0.06%	2394333	17558	1286132	-265398
EURINR (27th Feb)	89.55	0.06%	153297	-974	94790	-29035
GBPINR (27th Feb)	104.74	0.04%	160770	2200	140237	-3483

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Sell	708-708.5	701	712	Not Initiated
EURINR	February	Sell	89.55-89.57	89.15	89.75	Exit at cost

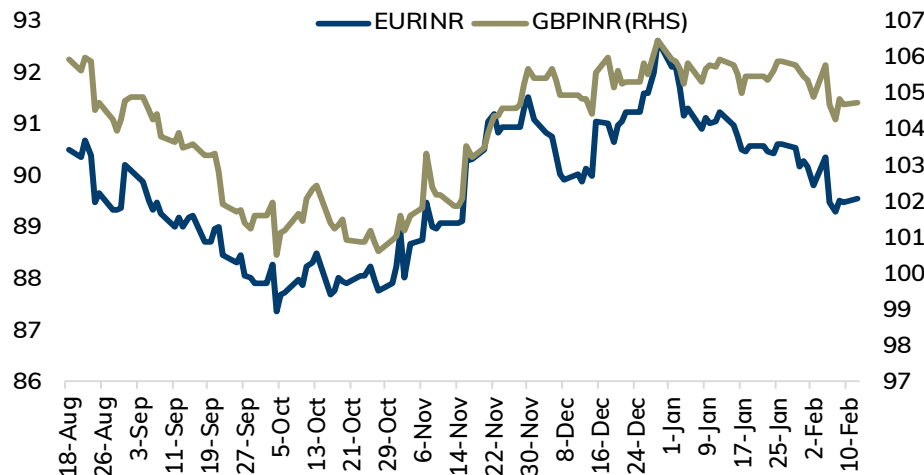
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated on Friday amid dollar demand from importers and surge in crude oil prices. Meanwhile, sharp fall in rupee was prevented due to rise in risk appetite in the domestic market and FII inflows.
- Rupee is likely to appreciate today on expectation of further correction in dollar. Dollar is likely to move south on anticipation that ease in price pressure could give Fed more confidence that it can cut rates. Additionally, rise in risk appetite in the domestic markets and FII inflows will support rupee. Moreover, India's retail inflation is likely to cooled down further in month of January and remained under RBI target band of 2%-6%. USDINR Feb likely to slip towards 82.85 levels as long as it sustains below 83.15 levels

## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro rose by 0.05% on Friday due to weak dollar and surge in German bond yields. 10-yr yield moved higher on hawkish comments from ECB Governing Council member Kazaks. For today, EURUSD is likely to hold the support near 1.0770 level and rise towards 1.0830 level amid soft dollar, hawkish comments from ECB officials and optimistic global market sentiments. Meanwhile, investors will remain cautious ahead of economic data from euro zone to get cues on policy path. EURINR Feb may rise towards 90.00 level as long as it trades above 89.40 levels.
- Pound is expected to rise towards 1.2680 level amid weak dollar and rise in risk appetite in the global markets. Further, pound may rally on growing optimism that BOE will holds higher for longer duration compare to its peers. GBPINR Feb is likely to move north towards 105.30 level as long as it stays above 104.60 levels

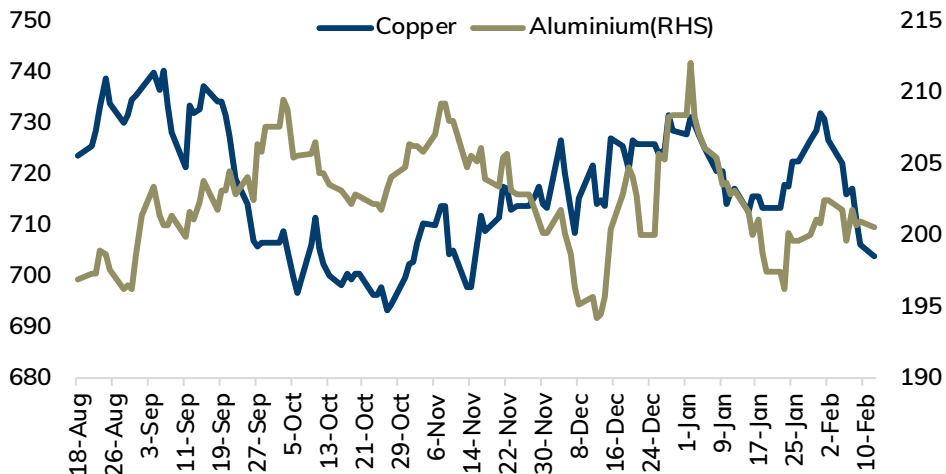
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to consolidate in the band of \$2010 and \$2045 ahead of Tuesday's key US inflation data. Recent revised inflation numbers has paved the way for interest rate cuts and support the bullions to trim its losses. Further military action by Israel on the Gaza would bring safe haven buying in the yellow metal and restrict its downside. However, hawkish comments from the Fed members and strength in the US treasury yields may limit its upside.
- MCX Gold April price is likely to consolidate in the band of 62,100 and 62,600. Only a move above 62,600 would bring fresh buying in the metal and push the price towards 63,000 levels. On the flip side below 62,100 it would weaken towards 61,800.
- MCX Silver is expected to remain in the band of 70,000 and 71,200. Only a move above 71,200 it would turn bullish.

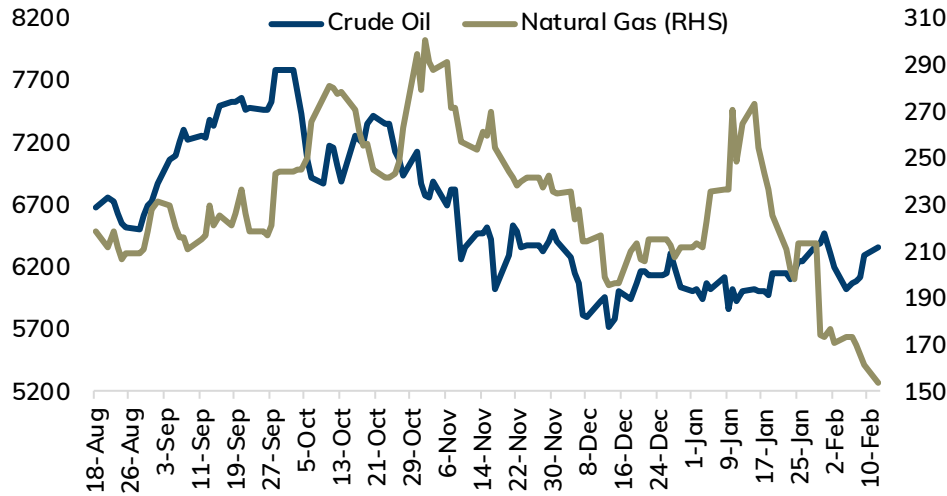
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid pessimistic industrial sentiment in China and demand uncertainty. Rising deflation in the country and contraction in the manufacturing activity would weigh on the demand of the industrial metals. Further sluggish growth outlook and lower demand ahead of the Lunar New year holiday in China would weaken the metal prices further. Meanwhile, persistent decline inventory level in LME could limit more downside in prices.
- MCX Copper is expected to face the hurdle near 708 and weaken towards 700. A move below 700 would open the doors towards 695.
- Aluminum is expected to consolidate in the band of 199 to 202.50. Below 199 it would test next support at 198.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to extend its rise towards \$78 amid rising Mideast tension after Israel started its military action again in Gaza. Further, rising tension between US and Iraq heightened the risk on global supplies. Meanwhile, rising demand of gasoline in US increased its premium over the crude oil which is likely to strengthen the oil prices to trade higher.
- MCX Crude oil is likely to move towards 6410, as long as it holds above the 6250 levels. Only close above 6410 would push the price further towards 6500 levels.
- MCX Natural gas is expected to remain under pressure and slip further towards 148 level as long as it trades below 158 level. Increase in output and weak demand due to warm winter is likely to keep prices under pressure.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61962	62128	62336	62502	62710
Silver	70039	70407	70793	71161	71547
Copper	697.7	700.7	704.1	707.2	710.6
Aluminium	198.3	199.4	200.2	201.3	202.1
Zinc	204.6	206.1	208.0	209.5	211.4
Lead	173.5	174.4	175.5	176.4	177.6
Crude Oil	6246	6303	6359	6416	6472
Nat Gas	152	155	161	164	170

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.89	82.99	83.05	83.14	83.20
US\$INR (Mar)	83.04	83.10	83.14	83.20	83.24
EURINR (Feb)	89.36	89.46	89.57	89.66	89.77
EURINR (Mar)	89.58	89.65	89.75	89.82	89.92
GBPINR (Feb)	104.56	104.65	104.79	104.88	105.02
GBPINR (Mar)	104.67	104.76	104.89	104.98	105.11
JPYINR (Feb)	55.66	55.74	55.79	55.87	55.93
JPYINR (Mar)	56.02	56.10	56.15	56.22	56.27

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.11	104.17	-0.05%
US\$INR	83.03	82.96	0.09%
EURUSD	1.0784	1.0778	0.06%
EURINR	89.41	89.46	-0.05%
GBPUSD	1.2628	1.2617	0.09%
GBPINR	104.72	104.78	-0.06%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.106	7.079	0.027
US	4.175	4.154	0.0214
Germany	2.382	2.354	0.028
UK	4.086	4.051	0.035
Japan	0.726	0.705	0.021

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
12/28/2023	9:00 PM	-7.1M	-2.7M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	136825	0	0.00%
Aluminium	527350	-2000	-0.38%
Zinc	227225	10550	4.87%
Lead	150675	6250	4.33%
Nickel	72120	-180	-0.25%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 12, 2024						
5:30 PM	India	CPI y/y	-	5.00%	5.69%	High
11:30 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
Tuesday, February 13, 2024						
12:30 PM	UK	Claimant Count Change	-	15.2K	11.7K	High
12:30 PM	UK	Average Earnings Index 3m/y	-	5.60%	6.50%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	-	17.4	15.2	Medium
7:00 PM	US	CPI y/y	-	2.90%	3.40%	High
Wednesday, February 14, 2024						
12:30 PM	UK	CPI y/y	-	4.10%	4.00%	High
3:30 PM	Europe	Flash GDP q/q	-	0.00%	0.00%	Medium
3:30 PM	Europe	Industrial Production m/m	-	-0.20%	-0.30%	Medium
9:00 PM	US	Crude Oil Inventories	-	-	5.5M	Medium
Thursday, February 15, 2024						
12:30 PM	UK	Prelim GDP q/q	-	-0.20%	0.30%	High
5:30 PM	India	Trade Balance	-	-	(19.8B)	High
7:00 PM	US	Empire State Manufacturing Index	-	-11.9	-43.7	High
7:00 PM	US	Retail Sales m/m	-	-0.20%	0.60%	High
7:00 PM	US	Unemployment Claims	-	217K	218K	High
7:00 PM	US	Philly Fed Manufacturing Index	-	-8.9	-10.6	Medium
7:45 PM	US	Industrial Production m/m	-	0.30%	0.10%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-75B	Medium
Friday, February 16, 2024						
12:30 PM	UK	Retail Sales m/m	-	1.50%	-3.20%	High
7:00 PM	US	PPI m/m	-	0.10%	-0.10%	High
7:00 PM	US	Building Permits	-	1.52M	1.49M	Medium
8:30 PM	US	Prelim UoM Consumer Sentiment	-	79.9	79	High
8:30 PM	US	Prelim UoM Inflation Expectations	-	-	2.90%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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