

February 6, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Sell	718.5-719	712	722	Intraday
EURINR	February	Sell	89.55-89.57	89.15	89.75	Intraday

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## News and Developments

- Spot gold prices extended its losses on Monday amid strong dollar and rise in US treasury yields after last week's strong jobs data from US pushed back the probability of early rate cut by the Federal Reserve. Further, better than expected US ISM service PMI numbers also supported the dollar to hit its highest level in since November 15.
- US ISM service PMI numbers rose to 53.4, highest since November 2023 against previous reading of 52.9.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March slipped to 16.5% from 20% a day ago while, prospects of no rate cut increased to 83.5% from 80% a day ago
- US 10-year treasury yields rallied past 4.15% and 2-year treasury yield, which typically moves in step with interest rate expectations hit its monthly highs at 4.48%. Yields surged as better than expected US ISM service PMI diminished hopes for imminent rate cut by US Federal Reserve. Further hawkish comments from the Federal Reserve also supported the rise in US treasury yields.
- Crude oil prices remained steady as strong dollar counters Middle East supply concerns. Further, growing optimism over extended ceasefire in Hamas-Israel war also checked the upside in NYMEX oil.
- Copper prices lost almost 1% on Monday amid firm dollar and pessimistic industrial sentiment in the top consumer China. The manufacturing PMI numbers in China contracted for the fourth straight month in a row suggesting weaker demand. Further, rise in inventory levels in China to nearly 70,000 tonnes also weighed on the metal prices.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63338	0.30%	2025.11	-0.72%
Silver	70480	-1.02%	22.35	-1.49%
Copper	716.0	-0.84%	8359.50	-1.44%
Aluminium	199.6	-1.04%	2212.50	-0.94%
Zinc	217.0	-0.94%	2420.00	-1.26%
Lead	180.3	-0.69%	2114.00	-1.45%
WTI Crude Oil	6081	0.85%	72.78	0.69%
US Nat Gas	174.2	-0.91%	2.08	0.14%

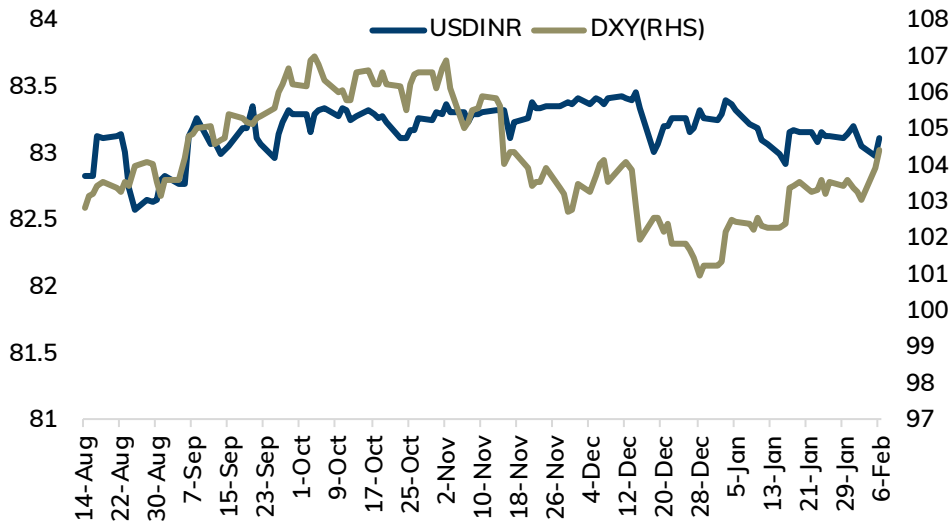
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.11	0.16%	2340596	-68117	1294764	-668806
EURINR (27th Feb)	89.50	-0.97%	166530	48241	241599	16905
GBPINR (27th Feb)	104.70	-1.06%	213359	-80683	528064	173299

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	March	Sell	62400-62410	61900	62700	Not Initiated
EURINR	February	Sell	89.75-89.77	89.30	89.95	Profit Booked

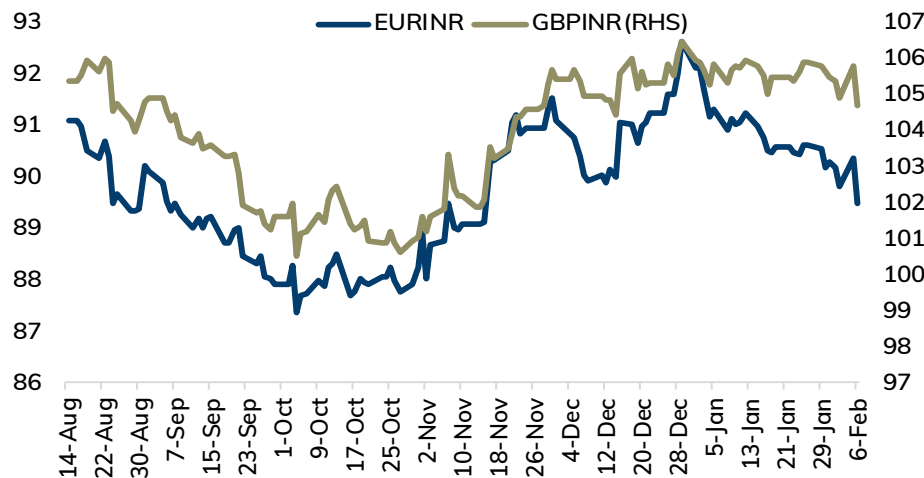
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated yesterday amid strong dollar and surge in US treasury yields. Yields and Dollar moved north as US non-farm payrolls data along with comments from Federal Reserve Chair Powell prompted investors to scale back bets on aggressive rate cut. Additionally, rupee slipped on weak domestic market sentiments.
- Rupee is likely to depreciate further amid firm dollar and jump in US treasury yields after upbeat economic data from US forced investors to reevaluate timing for the first rate cut. Data showed that the US services sector growth picked up in January as new orders increased and employment rebounded. Moreover, rupee may slip on risk aversion in the global markets. USDINR Feb likely to hold the support near 82.95 levels and rise back towards 83.25 levels.

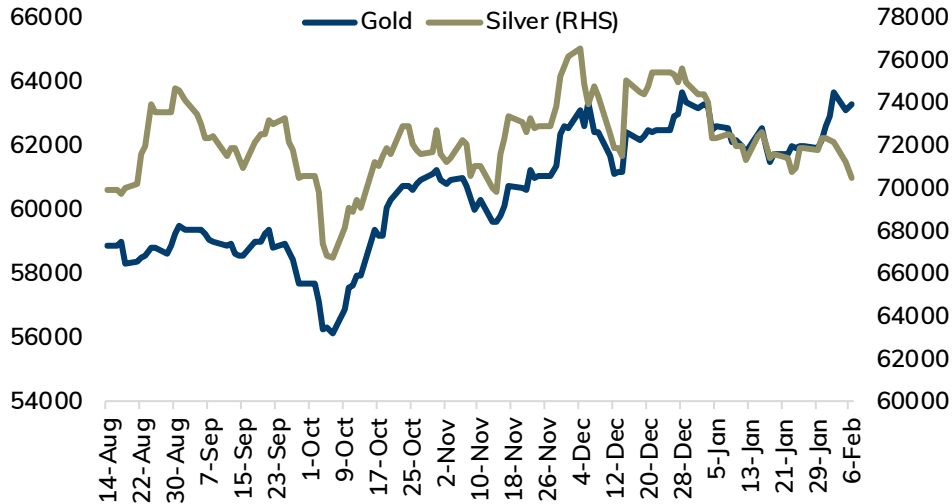
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro slipped by 0.41% yesterday amid strong dollar and risk-off sentiments in global markets. Further, economic concerns weighed on single currency. For today, EURUSD is likely to slip further towards 1.0690 level as long as it stays below 1.0770 levels amid firm dollar and pessimistic global market sentiments. Further, expectation of disappointing economic data from euro zone will hurt single currency. EURINR Feb may slip further towards 89.00 level as long as it trades below 89.75 levels.
- Pound is expected to slip further towards 1.2500 level amid strong dollar and risk aversion in the global markets. Meanwhile, sharp downside may be cushioned on expectation of improved economic data from country. GBPINR Feb is likely to move south towards 104.40 level as long as it stays below 105.05 levels.

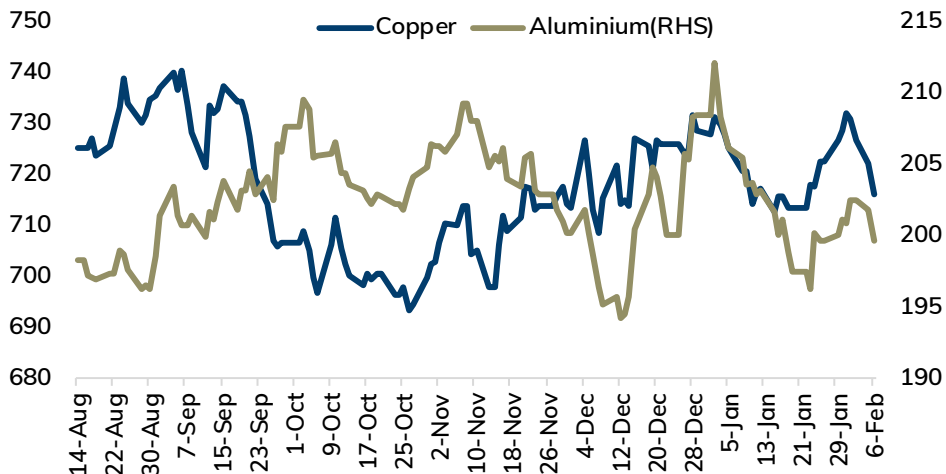
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$2035 level and slip towards \$2010 level amid strong dollar and higher US treasury yields. Diminishing prospects of early rate cut by the Federal reserve would support the dollar to hold its gains. Further, investors will keep an eye on comments from other Fed officials to gauge the future interest rate path. Meanwhile, safe have appeal in the bullions could limit its downside.
- MCX Gold April price is likely to face hurdle near 62,600 level and slip towards 61,900 levels
- MCX Silver is expected to follow gold and slid further towards 70,000 level as long as it sustains below 71,300 level. Below, 70,000 it can hit 69,400.

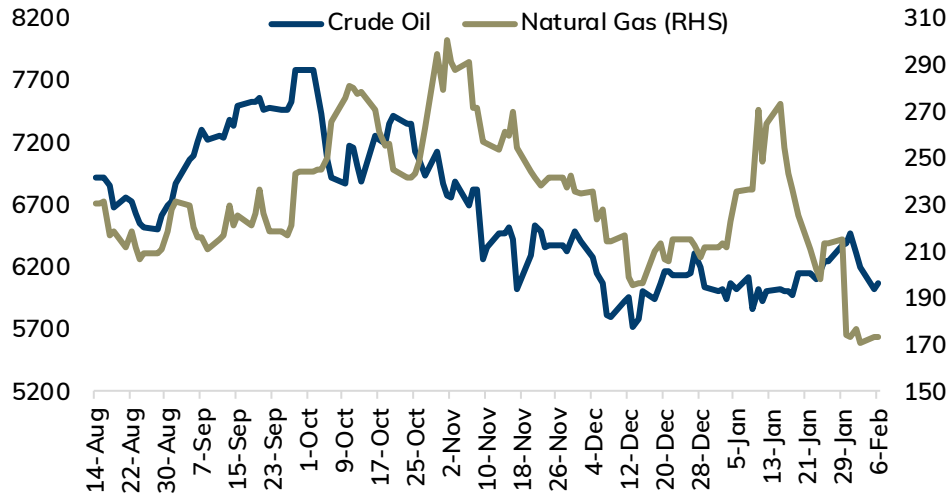
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid strong dollar and sluggish growth outlook in China. Further, weaker global risk sentiments amid higher borrowing cost for longer duration across major economies would hurt the demand outlook of the metals. Meanwhile, persistent decline in inventories at LME registered warehouses would prevent sharp fall in prices
- MCX Copper is expected to slip towards 710 level as long as it stays below 722 level. A move below 710 would open the doors for 706 levels.
- Aluminum is expected to slip further towards 197 level as long as it stays below 202 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$74 and move lower towards \$71.0 amid strong dollar and easing of tensions in Middle East. Further, concerns about demand in China also weigh on the oil prices. Additionally, increasing oil supplies from the US would also check its gains. Meanwhile, attack on Russian oil refineries would hurt the oil supplies from the region, which could limit the downside in the oil prices..
- MCX Crude oil is likely to move in the tight range of 5950 to 6180 amid mixed set of factors. Only close below 5950 would weaken further towards 5850 levels.
- MCX Natural gas is expected to slip further towards 168 level as long as it trades below 180 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61087	62213	63626	64752	66165
Silver	69925	70203	70616	70894	71307
Copper	710.4	713.2	717.9	720.7	725.4
Aluminium	197.9	198.7	200.1	200.9	202.3
Zinc	215.2	216.1	217.5	218.4	219.7
Lead	179.2	179.7	180.6	181.2	182.1
Crude Oil	5904	5992	6041	6129	6178
Nat Gas	170	172	175	177	179

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.91	83.01	83.12	83.22	83.33
US\$INR (Mar)	83.11	83.15	83.18	83.22	83.26
EURINR (Feb)	89.27	89.38	89.57	89.68	89.87
EURINR (Mar)	89.44	89.56	89.76	89.88	90.08
GBPINR (Feb)	104.40	104.55	104.78	104.93	105.17
GBPINR (Mar)	104.08	104.44	105.07	105.43	106.06
JPYINR (Feb)	56.10	56.17	56.24	56.31	56.38
JPYINR (Mar)	56.45	56.53	56.60	56.67	56.74

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.92	103.05	0.85%
US\$INR	82.93	82.98	-0.06%
EURUSD	1.0788	1.0872	-0.77%
EURINR	90.31	89.60	0.80%
GBPUSD	1.2631	1.2744	-0.89%
GBPINR	105.79	105.01	0.74%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.055	7.058	-0.003
US	4.020	3.880	0.1397
Germany	2.241	2.149	0.092
UK	3.918	3.746	0.172
Japan	0.672	0.705	-0.033

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
12/20/2023	9:00 PM	2.9M	-2.3M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	139425	-800	-0.57%
Aluminium	531175	-2300	-0.43%
Zinc	197275	-1050	-0.53%
Lead	130350	4575	3.64%
Nickel	71724	462	0.65%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 05, 2024						
7:15 AM	China	Caixin Services PMI	52.7	53	52.9	Medium
3:00 PM	Europe	Sentix Investor Confidence	-12.9	-15	-15.8	Medium
8:30 PM	US	ISM Services PMI	53.4	52	52.9	High
Tuesday, February 06, 2024						
3:00 PM	UK	Construction PMI		47.2	46.8	Medium
3:30 PM	Europe	Retail Sales m/m		-0.90%	-0.30%	Medium
10:30 PM	US	FOMC Member Mester Speaks		-	-	Medium
Wednesday, February 07, 2024						
12:30 PM	Europe	German Industrial Production m/m		-0.40%	-0.70%	Medium
7:00 PM	US	Trade Balance		(-62.3)B	(-63.2)B	Medium
9:00 PM	US	Crude oil Inventories			1.2M	Medium
Thursday, February 08, 2024						
7:00 AM	China	CPI y/y		-0.50%	-0.30%	Medium
7:00 AM	China	PPI y/y		-2.60%	-2.70%	Medium
10:00 AM	India	RBI Interest Rate Decision		6.5%	6.5%	High
7:00 PM	US	Unemployment Claims		219K	224K	Medium
Friday, February 09, 2024						
12:30 PM	Europe	German Final CPI m/m		0.20%	0.20%	Medium



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