

April 2, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	April	Buy	150.50-151	160	146	Intraday

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News and Developments

- Spot Gold prices surged to a new record high of \$2265 in the early part of the session, on growing expectation that the US Fed could deliver the first interest rate cut in June after Friday's inflation data showed price pressure continued to moderate. However, in the later part of the session prices pared gains amid surge in dollar and US treasury yields. Gold prices have also hit record highs in other currencies including Euro, Indian rupee and British Pound
- Dollar index surged yesterday by about 0.4% after data from US showed activity in manufacturing sector expanded in March for the first time since September 2022. The rebound ended 16 consecutive months of contraction, which accounts for 10.4% of the economy.
- ISM manufacturing PMI increased to 50.3 in March, from 47.8 in February. March's number was the highest and the first reading above 50 since September 2022
- As per CME Fedwatch tool, expectations for Fed to cut rate in June slipped to 53.7% from 55.2% a day ago while, prospects of no rate cut increased to 42.7% from 39.6% a day ago
- US Treasury yields moved higher as stronger than expected economic data from US fueled the doubts among investors on whether Fed could deliver 3 rate cuts this year. Yield on benchmark US 10-year treasury note rallied to 4.313% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.707%.
- Crude oil prices ended on the positive note gaining more than 1.0% yesterday overshadowing jump in dollar. Prices majorly moved on expectations that economic growth in China and US would boost oil demand
- MCX Copper prices started April month on positive note amid upbeat industrial data from China. However, sharp moves were not witnessed as LME remained closed for Easter holiday

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	68289	0.90%	2251.44	0.97%
Silver	75532	0.64%	25.08	0.49%
Copper	765.9	1.11%	8867.00	0.20%
Aluminium	209.6	-0.31%	2337.00	1.68%
Zinc	217.7	1.28%	2439.00	0.08%
Lead	178.6	1.42%	2055.00	2.60%
WTI Crude Oil	6997	1.27%	83.71	0.65%
US Nat Gas	153.9	5.05%	1.84	4.20%

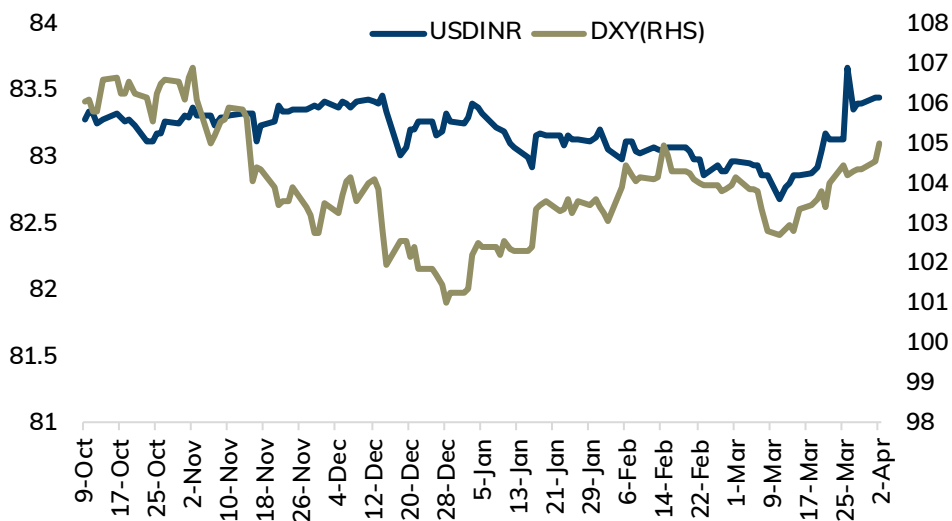
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Apr)	83.44	0.04%	4517268	459687	3424097	716691
EURINR (26th Apr)	90.16	-0.28%	113956	-86	164976	2339
GBPINR (26th Apr)	105.33	-0.04%	191663	16960	254073	-17599

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	May	Buy	67280-67300	67900	66950	Not Initiated

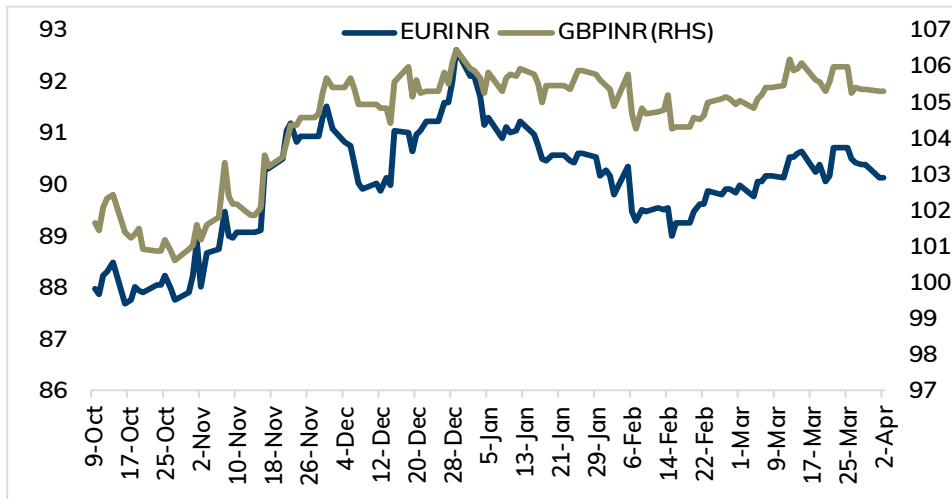
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Thursday amid weak Asian peers and strong dollar demand from the importers, while likely central bank intervention capped its losses. The rupee fell 1.5% in the financial year ending March 31st and logged its third consecutive quarterly fall.
- USDINR is expected to move towards higher end of the consolidation range 83.30-83.55 amid strong dollar. Improved US manufacturing PMI data would support the dollar to trade higher. Further, higher crude oil prices and weak Asian peer would weigh on the rupee. Meanwhile, higher forex reserves and improved risk sentiments would limit the depreciation in rupee beyond 83.55. So we expect rupee to move in a very tight range of 83.30-83.55. Only a move below 83.30 it would slide towards 83.20.

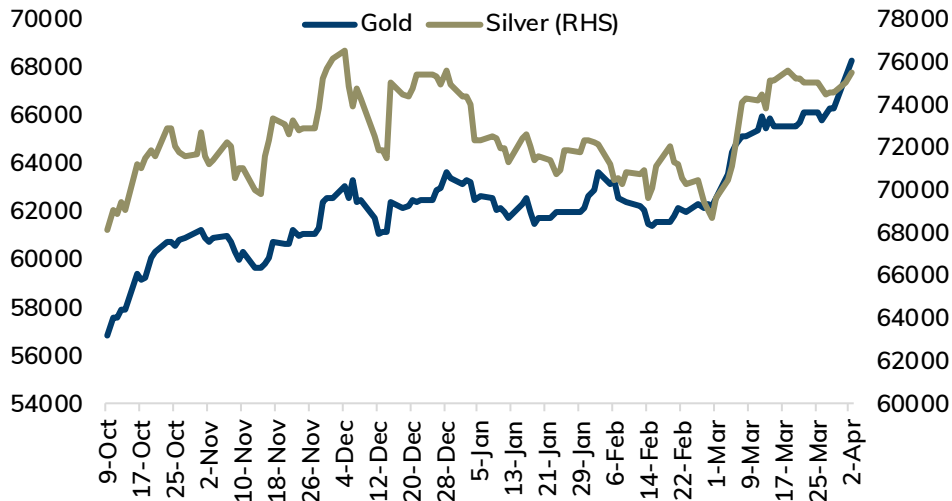
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro traded lower on Monday and hit its lowest level in a month amid strong dollar. Trading volume was low since the markets in the Eurozone were closed for the Easter Monday holiday. EURUSD is expected to decline towards 1.07 on expectation of contraction in the manufacturing activity in the region. Meanwhile, forecast of rise in German CPI numbers could limit its downside. EURINR April is likely to move towards 89.50, as long as it trades under 90.00. Below 89.50 it could test 89.20.
- Pound hits 6-week low on Monday amid strong dollar. Less-hawkish BOE rate expectation continued to weigh on the pair. The pair is expected to weaken further towards 1.2500 on forecast of contraction in the manufacturing activity. GBPINR April is likely move towards 104.50 as long as it trades under 105.20. Only a move below 104.50 it would slip towards 104.20 level.

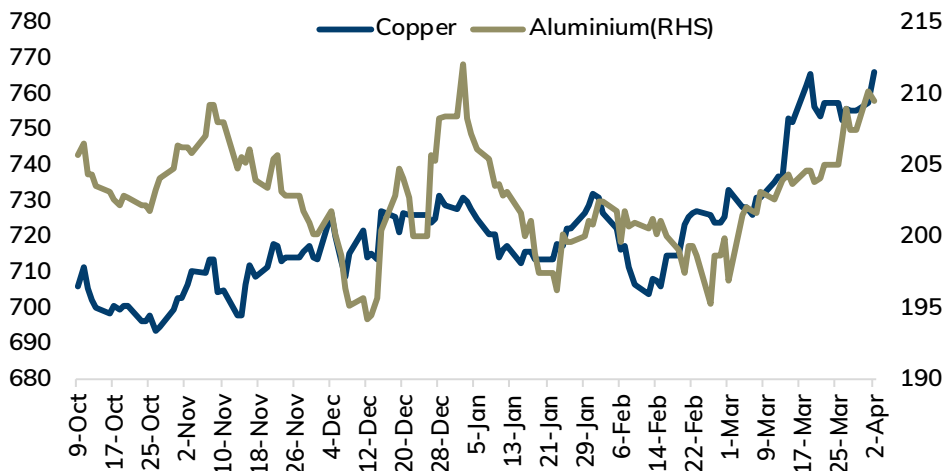
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the hurdle near \$2265 level and slip back towards \$2230 level amid strong dollar and surge in US treasury yields. Yields and dollar are moving north as stronger than expected economic data from US raised the doubts among market participants that US Fed could deliver on 3 rate cuts outlined in FOMC economic projections. Focus will now turn towards today's JOLTS job report and factory orders to get more understanding of the health of economy and fresh cues on policy path. Meanwhile, sharp downside may be cushioned on safe haven demand and central bank purchases amid geopolitical tensions
- MCX Gold June prices is likely to face hurdle near 68,900 level and slip back towards 67,900 levels. A sustain break below 67,900 would open doors for further downside towards 67,400 levels. Moreover, 14-day RSI lies in the overbought zone near 80, suggesting corrective pullback
- MCX Silver May is expected to rise further towards 76,500 level as long as it sustains above 10-day EMA around 74,900 level.

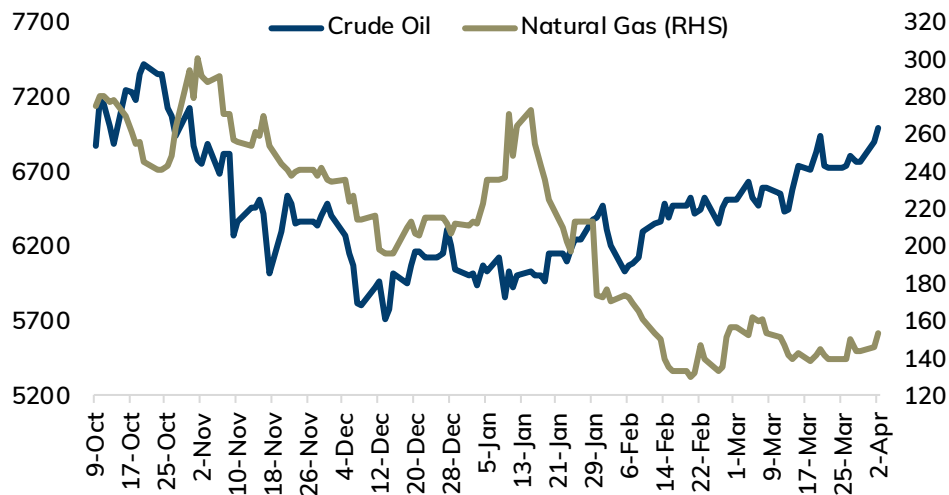
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with the positive bias amid prospect of further supply tightness. Furthermore, positive industrial data from China and US would bolstered demand outlook for industrial metals. Additionally, expectation of more improved economic data from major countries would lend support to prices.
- MCX Copper is expected to move north towards 770 level as long as it stays above 10-day EMA around 758 level. A break above 770 would open doors for 774 levels
- Aluminum is expected to rise towards 211.0 level as long as it remains above 208.50 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$85 levels as long as it hold the support near \$82.60 levels on concerns over tight supplies due to OPEC+ output cuts and persistent attacks on Russian refineries. As per media report OPEC oil output fell last month, reflecting lower exports from Iraq and Nigeria. Furthermore, prices may rally on escalating tension in Middle East as Israel struck an Iranian consulate in Syria. This comes ahead of meeting by OPEC joint monitoring Ministerial committee where group is not expected to make any fresh recommendations on policy.
- MCX Crude oil is likely to rise towards 7080 levels as long as it trades above 6880 levels. A sustain break above 7080 level would open doors for 7150 levels
- MCX Natural gas April is expected to rise further towards 50-day EMA of 160 levels as long as it stays above 20-day EMA around 146 levels. Prices may move north on forecasts for colder than normal weather for the western and eastern parts of the US

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	67133	67711	68599	69177	70065
Silver	74311	74921	75621	76231	76931
Copper	758.7	762.3	765.4	769.0	772.1
Aluminium	208.2	208.9	209.3	210.0	210.4
Zinc	216.1	216.9	217.7	218.5	219.3
Lead	178.0	178.3	178.5	178.8	179.1
Crude Oil	6825	6911	6978	7064	7131
Nat Gas	139	147	151	158	163

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Apr)	83.32	83.38	83.42	83.48	83.52
US\$INR (May)	83.40	83.46	83.50	83.56	83.60
EURINR (Apr)	89.86	90.01	90.20	90.35	90.54
EURINR (May)	90.05	90.18	90.36	90.50	90.67
GBPINR (Apr)	104.95	105.14	105.28	105.47	105.62
GBPINR (May)	105.05	105.23	105.36	105.53	105.66
JPYINR (Apr)	55.29	55.37	55.43	55.51	55.57
JPYINR (May)	55.74	55.78	55.81	55.85	55.88

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.55	104.35	0.19%
US\$INR	83.41	83.38	0.03%
EURUSD	1.0789	1.0828	-0.36%
EURINR	89.87	90.28	-0.45%
GBPUSD	1.2624	1.2640	-0.13%
GBPINR	105.03	105.28	-0.24%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.056	7.069	-0.013
US	4.200	4.190	0.01
Germany	2.298	2.292	0.006
UK	3.933	3.932	0.001
Japan	0.711	0.725	-0.014

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/27/2024	8:00 PM	3.2M	-0.7M
3/20/2024	8:00 PM	-2.0M.	-0.9M
3/13/2024	8:00 PM	-1.5M	0.9M
3/6/2024	9:00 PM	1.4M	2.4M
2/28/2024	9:00 PM	4.2M	3.1M
2/22/2024	9:30 PM	3.5M	3.9M
2/14/2024	9:00 PM	12.0M	3.3M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	112475	-625	-0.55%
Aluminium	554475	-2050	-0.37%
Zinc	270875	7325	2.78%
Lead	272200	4350	1.62%
Nickel	77148	312	0.41%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, April 01, 2024						
7:30 PM	US	ISM Manufacturing PMI	50.3	48.5k	47.8k	High
Tuesday, April 2, 2024						
All Day	Europe	German Prelim CPI m/m		0.40%	0.40%	High
1:30 PM	Europe	Final Manufacturing PMI		6.60%	6.10%	Medium
2:00 PM	UK	Final Manufacturing PMI		45.70	45.70	Medium
7:30 PM	US	JOLTS Job Openings		8.79M	8.86M	High
9:30 PM	US	FOMC Member Mester Speaks		-	-	Medium
Wednesday, April 3, 2024						
2:30 PM	Europe	CPI Flash Estimate y/y		2.50%	2.60%	Medium
2:45 PM		OPEC-JMMC Meetings		-	-	Medium
5:45 PM	US	ADP Non-Farm Employment Change		149k	140k	High
7:30 PM	US	ISM Services PMI		52.70	52.60	High
8:00 PM	US	Crude oil Inventories			(-2.0)M	Medium
9:20 PM	US	Fed Chair Powell Speaks				High
Thursday, April 4, 2024						
1:30 PM	Europe	Final Services PMI		51.1	51.1	Medium
2:00 PM	UK	Final Services PMI		53.4	53.4	Medium
6:00 PM	US	Unemployment Claims		214k	210k	High
Friday, April 5, 2024						
10:00 AM	India	RBI Interest rate decision		6.50%	6.50%	High
6:00 PM	US	Average Hourly Earnings m/m		0.30%	0.10%	High
6:00 PM	US	Non-Farm Employment Change		205k	275k	High
6:00 PM	US	Unemployment Rate		3.90%	3.90%	High



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