

February 19, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Buy	718.50-719	726	715	Intraday

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News and Developments

- Spot gold prices closed higher on Friday amid softness in the dollar but marked its second weekly decline amid diminishing probability of rapid US rate cuts. Meanwhile, more than expected rise in US producer price index last month checked its upside.
- The US dollar index declined despite the January producers prices index rose by 0.3% last month and core PPI rose 0.5%. Meanwhile, decline in US housing starts to a 5-month prevented dollar index to go beyond 104.70.
- US 10-year treasury yields rose to 4.28% and 2-year treasury yield, which typically moves in step with interest rate edged past 4.64%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March remained steady near 10% and prospects of rate cut in May jumped to 35% against 28% a day ago
- Crude oil prices extended its gains on Friday amid persistence geopolitical risk. Escalation of Israel-Hamas war to Lebanon has increased tension in the Mideast and supported the NYMEX crude oil futures to rise above the \$78 mark. Moreover, decline in Russian oil exports also supported the oil prices to trade higher.
- Copper prices climbed more than 1% on Friday amid depleting inventory levels in LME and hopes of more economic support from China. Copper inventories in LME fell to 130,675 tons lowest level in last 6-months.
- NYMEX natural gas prices pared most its losses and ended the day on a higher note amid reports of output cut by some drillers as prices collapsed to 3 and half year lows.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61878	0.42%	2013.59	0.46%
Silver	72112	1.39%	23.42	2.17%
Copper	723.2	1.18%	8489.00	2.10%
Aluminium	199.1	-0.50%	2218.00	-0.29%
Zinc	214.3	1.64%	2385.00	1.30%
Lead	178.9	0.20%	2064.00	1.08%
WTI Crude Oil	6538	0.85%	79.19	1.49%
US Nat Gas	140.3	-0.50%	1.61	1.77%

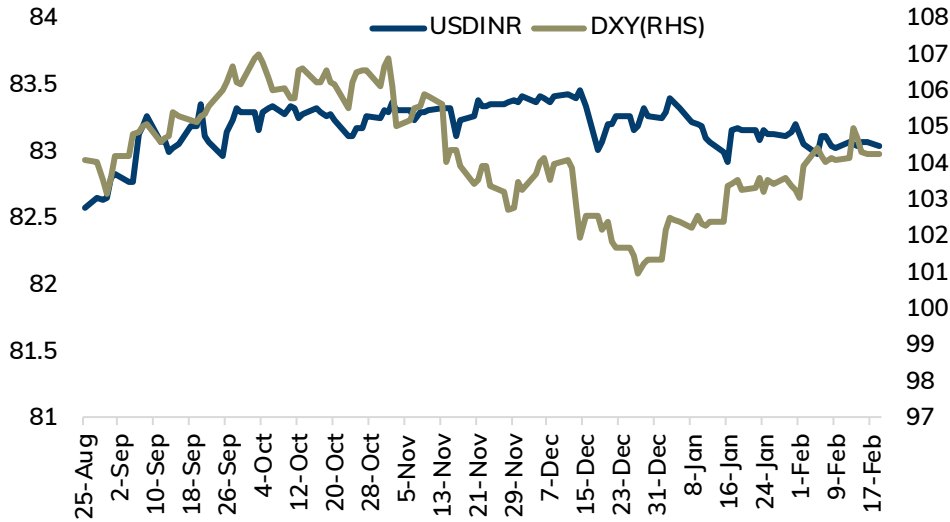
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.04	-0.04%	2424646	53764	846607	-34073
EURINR (27th Feb)	89.50	0.27%	149991	-7893	130385	-4877
GBPINR (27th Feb)	104.58	0.26%	192005	-21991	215441	59243

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Buy	711-712	718	708	Not Initiated
USDINR	February	Sell	83.05-83.06	82.90	83.15	Exit in Profit

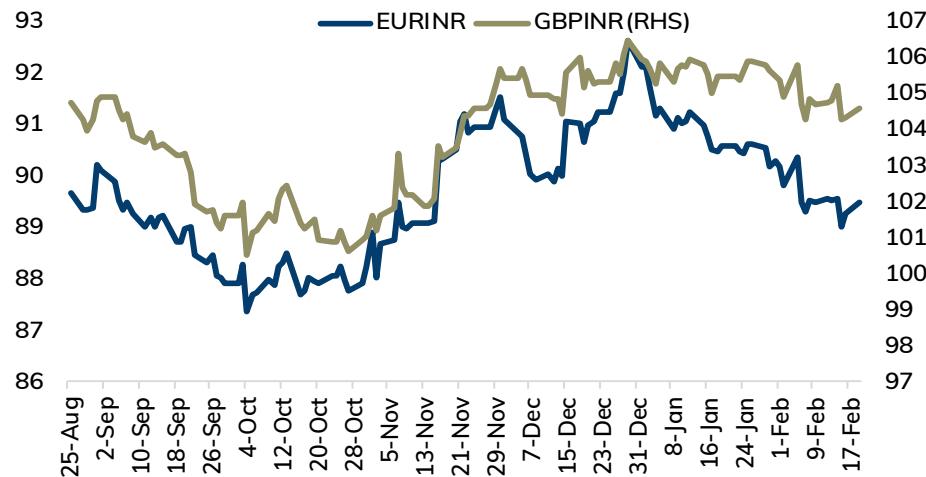
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee on Friday hovered in a tight range and ended little changed as dollar demand from importers worn the impact of supportive global cues.
- Dollar retreated amid concerns about strength of the US economy. While, US treasury yields moved higher after economic data showed producer prices increased more than expected in January, reinforcing expectations that the Federal Reserve will abstain from cutting interest rates until at least the middle of the year
- Indian currency market will remain closed today on account of holiday

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.02% on Friday. Euro recovered from early losses and posted marginal gain amid weak dollar and hawkish comments from ECB official. ECB Executive Board member Schnabel said the ECB must take its time before cutting interest rates
- Pound recovered all its early losses on Friday amid soft dollar and as data showed UK retail sales grew at their fastest pace in nearly three years in January. UK Retail sales surged by 3.4% in January betting market expectations and marking largest increase since April 2021, following a sharp decline of 3.3% in December

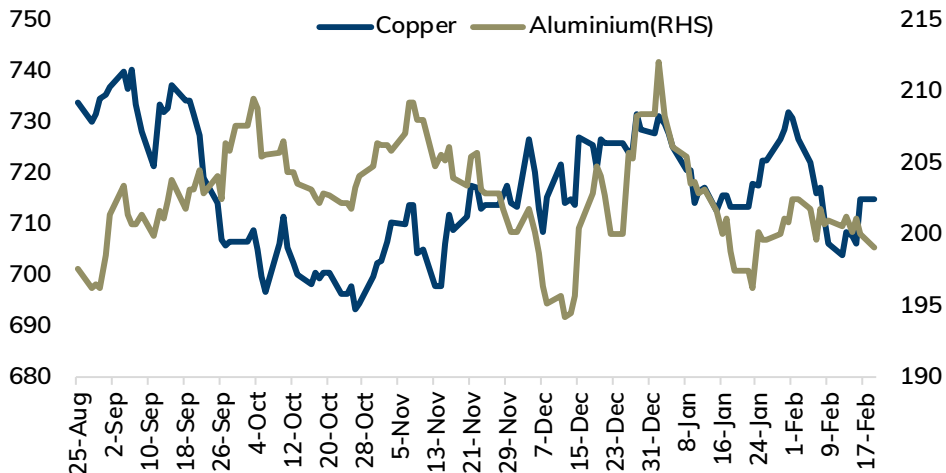
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the hurdle near \$2025 and weaken further towards \$2000 on diminishing prospects of early cut to interest rates by the Fed. Higher US treasury yields and strength in the dollar would check the upside in the bullions. Meanwhile, focus will shift towards this week's key FOMC meeting minutes. For the day, gold is expected to move in a thin range amid bank holiday in US.
- MCX Gold April price is expected to rise towards 62,100, as long as it holds above 61,500. Only close below 61,500 it would turn weaker and slide towards 61,000.
- MCX Silver is expected to face the hurdle near 72,800 and move lower towards 71,500. Only a sustained move above 72800, would bring fresh buying interest in the metal and push the price towards 73,500.

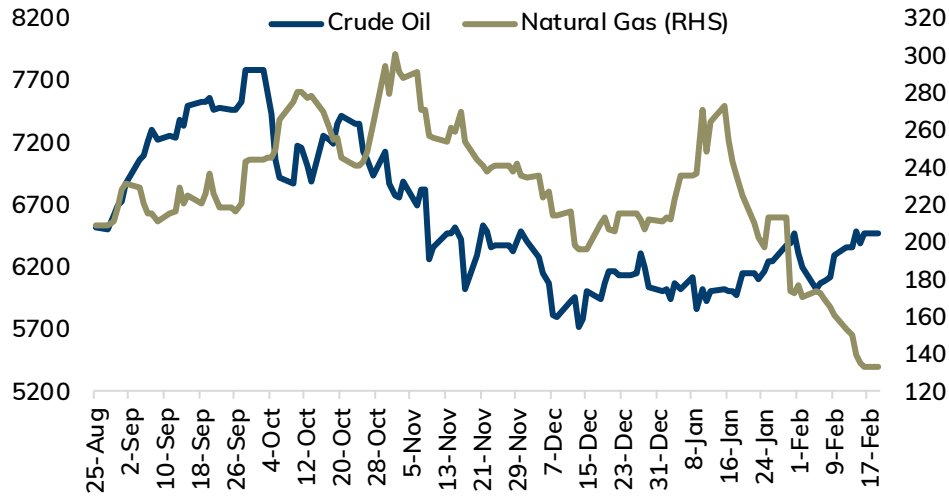
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to extend its recovery rally amid tightness in the physical market. Further, expectation of fresh round of stimulus from China after the New year holiday would support the red metal to trade on a firm note. Moreover, tight supplies due to closure of mines is likely to support the metals to hold firm.
- MCX Copper is expected to hold its ground above the 20 day EMA at 718 and rise towards 728. Only a sustained move above 728 would push the price towards 733.
- Aluminum is expected to consolidate and find support near 198 and rebound towards 201. Only close below 198, it would turn weaker towards 196.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold its strength amid increasing supply concerns. Unrest in the Mideast is likely to support the oil prices to move towards the key resistance zone at \$79-\$80. Meanwhile, slower growth forecast in China and higher crude oil production in US would limit its upside. Further, uncertain demand outlook in the coming year amid higher interest rate outlook would limit any major upside in oil prices.
- MCX Crude oil March is likely to move in the range of 6380 and 6550. Only a move above 6550 it would open the doors towards 6640. On the contrary, below 6380 it would again slide towards 6250.
- MCX Natural gas is expected to remain under pressure and move towards 128, as long as it trades under 140. Higher US production and forecast of mild winter in US would check any major upside in gas prices.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61291	61585	61744	62038	62197
Silver	70384	71248	71714	72578	73044
Copper	710.5	716.8	720.7	727.1	731.0
Aluminium	197.6	198.3	199.6	200.3	201.6
Zinc	209.0	211.6	213.3	215.9	217.6
Lead	177.7	178.3	178.8	179.4	179.8
Crude Oil	6344	6441	6512	6609	6680
Nat Gas	136	138	141	143	146

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.01	83.02	83.04	83.06	83.08
US\$INR (Mar)	83.09	83.10	83.12	83.14	83.16
EURINR (Feb)	89.30	89.40	89.46	89.56	89.62
EURINR (Mar)	89.39	89.52	89.59	89.72	89.80
GBPINR (Feb)	104.29	104.43	104.57	104.71	104.85
GBPINR (Mar)	104.41	104.54	104.67	104.80	104.93
JPYINR (Feb)	55.31	55.36	55.40	55.44	55.48
JPYINR (Mar)	55.68	55.72	55.75	55.79	55.83

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.28	104.30	-0.02%
US\$INR	83.02	83.04	-0.03%
EURUSD	1.0777	1.0772	0.05%
EURINR	89.38	89.14	0.27%
GBPUSD	1.2602	1.2600	0.02%
GBPINR	104.48	104.26	0.22%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.099	7.088	0.011
US	4.279	4.230	0.0492
Germany	2.402	2.359	0.043
UK	4.108	4.054	0.054
Japan	0.735	0.731	0.004

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
2/14/2024	9:00 PM	12.0M	3.3M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	130675	-1850	-1.40%
Aluminium	534925	-3150	-0.59%
Zinc	264825	5000	1.92%
Lead	177575	4500	2.60%
Nickel	71544	0	0.00%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 19, 2024						
5:31 AM	UK	Rightmove HPI m/m	0.90%	-	1.30%	Medium
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, February 20, 2024						
6:45 AM	China	1-y Loan Prime Rate	-	3.45%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	-	4.10%	4.10%	Medium
Wednesday, February 21, 2024						
4:30 PM	UK	CBI Industrial Order Expectations	-	-27	-30	Medium
6:30 PM	US	FOMC Member Bostic Speaks	-	-	-	Medium
8:30 PM	Europe	Consumer Confidence	-	-16	-16	Medium
Thursday, February 22, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.5	43.1	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	46.1	45.5	High
2:30 PM	Europe	Flash Manufacturing PMI	-	47	46.6	High
3:00 PM	UK	Flash Manufacturing PMI	-	47.5	47	High
7:00 PM	US	Unemployment Claims	-	217K	212K	High
8:15 PM	US	Flash Manufacturing PMI	-	50.1	50.7	High
8:15 PM	US	Flash Services PMI	-	52	52.5	High
8:30 PM	US	Existing Home Sales	-	3.97M	3.78M	Medium
9:00 PM	US	Natural Gas Storage	-	-	-49B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	12.0M	Medium
Friday, February 23, 2024						
12:30 PM	Europe	German Final GDP q/q	-	-0.30%	-0.30%	Medium
2:30 PM	Europe	German ifo Business Climate	-	85.5	85.2	Medium



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