

February 23, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	March	Buy	6440-6450	6600	6350	Intraday
EURINR	February	Sell	89.90-89.92	89.50	90.10	Intraday

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News and Developments

- Spot gold prices pared all its earlier gains and settled near the \$2020 mark amid strong dollar after US economic data signaled resilient economy. Better than expected US economic numbers increased the speculation that the Fed will delay in cutting interest rates.
- The US dollar index rebounded after the weekly jobless claims data indicated resilient job market. Jobless claims numbers fell towards 201k against previous reading of 213k. Further, improved manufacturing PMI numbers also supported the dollar index to rise back towards 104 mark.
- US 10-year treasury yields rose to 4.33% and 2-year treasury yield, which typically moves in step with interest rate edged past 4.71%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 4.5% and prospects of rate cut in May slide below 25% against 30% a day ago
- Crude oil prices moved above the \$78 mark after the weekly EIA inventory data showed smaller than expected storage build up. Crude oil inventories in US rose by 3.5M barrels against forecast of 3.8M barrels rise. Further, escalating tension in the Middle East and disruption in the Red Sea also added premium to the oil prices.
- Copper prices edged higher after the improved manufacturing PMI data from US helped the metal to overcome its earlier losses. Further, better than expected existing home sales numbers also supported the metal to rise towards its 3- week high.
- NYMEX natural gas prices lost more than 4% yesterday after weekly EIA storage data reported a decline of 60 bcf last week against market forecast of 66 bcf decline.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61977	-0.21%	2024.39	-0.08%
Silver	70269	-0.48%	22.75	-0.59%
Copper	726.8	0.03%	8584.50	0.50%
Aluminium	198.6	-0.35%	2198.00	-0.97%
Zinc	214.1	0.33%	2386.50	-0.33%
Lead	176.1	-1.43%	2087.50	0.48%
WTI Crude Oil	6535	1.36%	78.61	0.90%
US Nat Gas	149.2	-4.30%	1.73	-2.31%

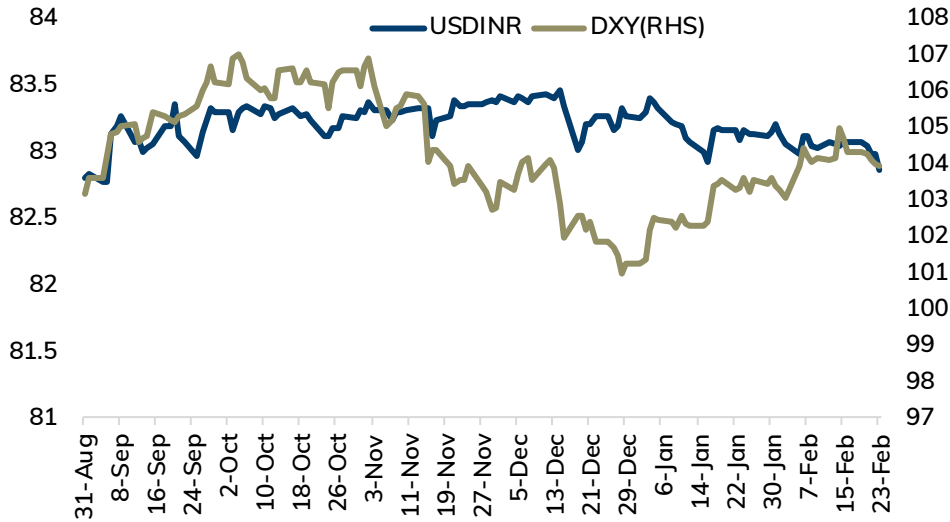
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.86	-0.14%	2357689	-1290	1678338	396355
EURINR (27th Feb)	89.90	0.30%	99442	-34085	269962	193255
GBPINR (27th Feb)	105.00	0.31%	176851	-10716	272090	124210

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	March	Buy	728-728.50	735	724	Not Initiated
EURINR	February	Buy	89.63-89.65	90.00	89.45	Not Initiated

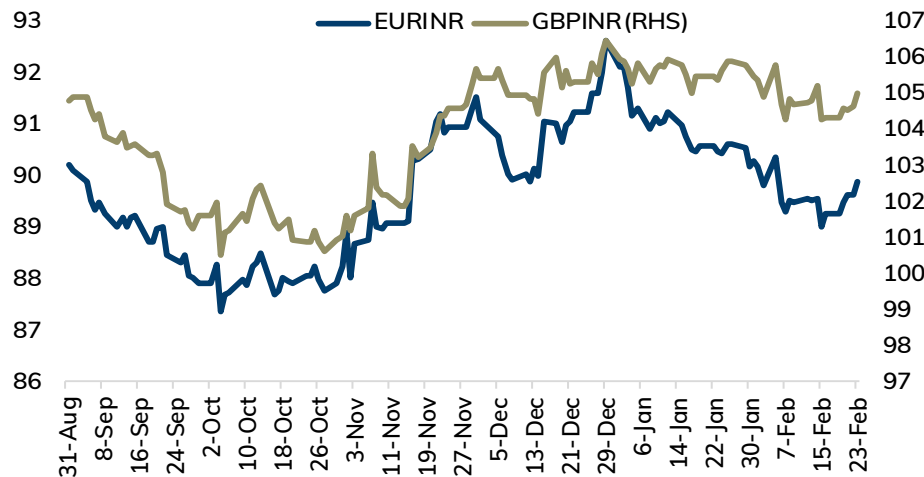
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated yesterday amid weak dollar and rise in risk appetite in the domestic markets. Further, rupee tracked strength in other Asian currencies.
- Rupee is likely to depreciate today amid recovery in dollar and rise in US treasury yields. Dollar and Yields moved up after better than expected economic data from US showed that economy is resilient, reinforcing expectations that interest rate cuts by Fed will be pushed out to June or later this year. Additionally, surge in crude oil prices may hurt domestic pair. Meanwhile, optimistic domestic market sentiments and dollar inflows into the domestic share and bond markets may prevent sharp fall in Rupee. USDINR Feb likely to rise back towards 83.00 levels as long as it sustains above 82.80 levels

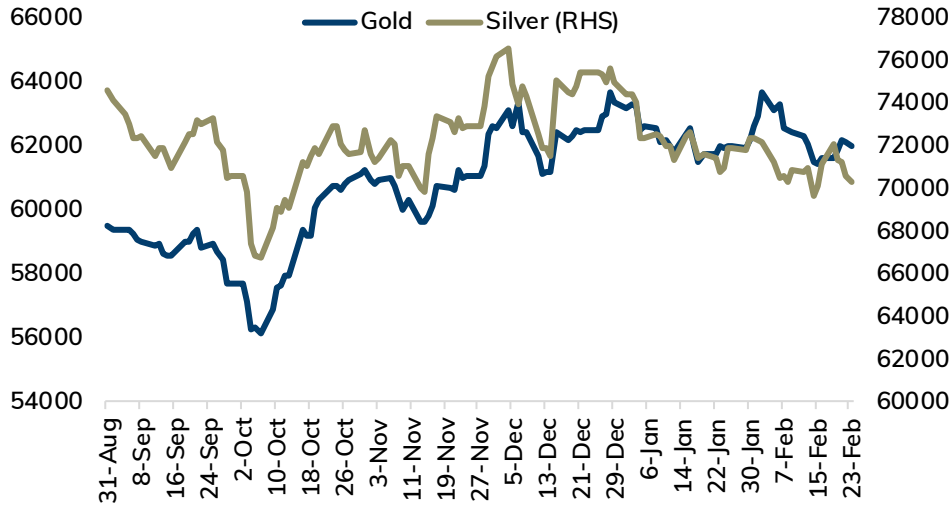
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.03% yesterday on soft dollar and hawkish ECB policy meeting minutes. Meanwhile, sharp upside was capped as data showed activity in manufacturing sector continued to contract. For today, EURUSD is likely to face hurdle near 1.0850 level and slip back towards 1.0780 level amid recovery in dollar and on economic concerns. Meanwhile, investors will remain cautious ahead of economic data and comments from ECB officials to get fresh cues on interest rate outlook. EURINR Feb may slip towards 89.50 level as long as it trades below 90.10 levels
- Pound is expected to rise further towards 1.2700 level amid rise in risk appetite in the global markets and as British business activity survey came in stronger than expected and showed robust growth for services firms. GBPINR Feb is likely to move north towards 105.25 level as long as it stays above 104.75 levels

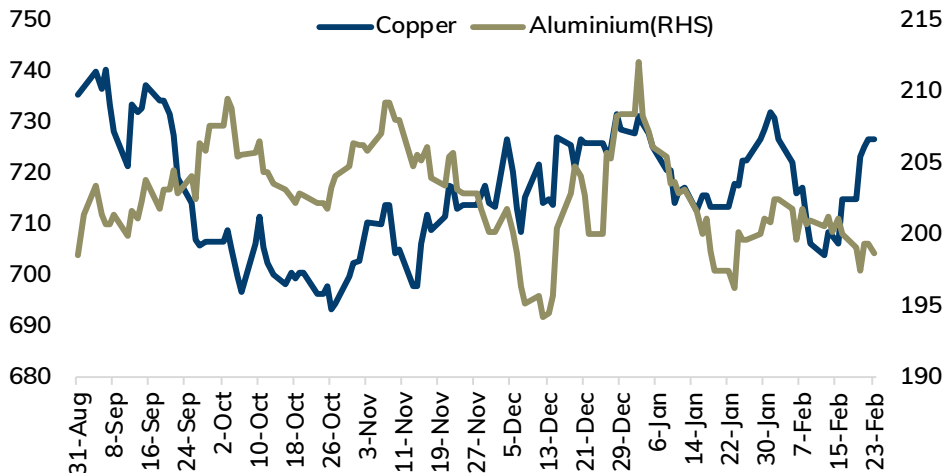
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to face the hurdle near \$2038 and move towards \$2010 amid strong US dollar and rise in treasury yields. Fading hopes of early rate cut by the Fed would weigh on the bullions. The probability of May rate cut has dipped below 25% suggesting no rate cut in the first half of 2024. Recent comments from the Fed member Waller would also dent its upside move. Meanwhile, safe haven buying due to the ongoing tension in the Mideast and Ukraine would limit its downside.
- MCX Gold April price is expected to face resistance near 62,400 and move lower towards 61,800. Only close below 61,800 it would turn weaker and slide towards 61,400.
- MCX Silver is expected to dip towards 69,800, as long as it trades under 71,200.

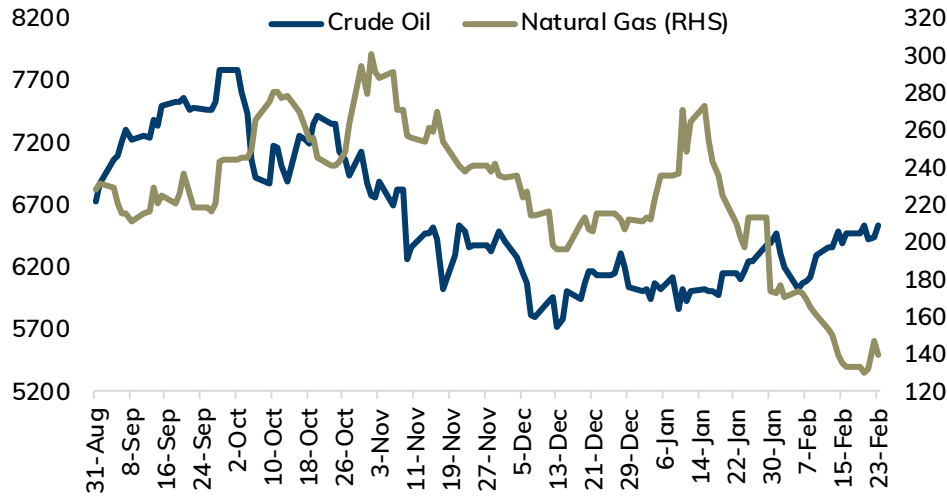
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to take a pause in its rally amid strong dollar. Hawkish Fed members speech and diminishing prospects of rate cut in first half of 2024 would limit its upside. Meanwhile, tightness in the physical market and depleting LME inventories would support the metals to hold firm.
- MCX Copper March is expected to face the hurdle near 740 and dip towards 730. Only close below 730 it would weaken towards 725.
- Aluminum March future is expected to find support near 195 and move higher towards 201.50 on renewed concerns over US sanction on Russian aluminum.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to stay firm and rise towards \$80 amid increasing prospects of supply disruption due to unrest in the Mideast. Further, stepping up attacks on the vessels in the Red Sea has again rekindled the tensions, which might support the oil prices to stay above the \$76 mark. Additionally risk on sentiments and better than expected economic numbers from US would push the oil prices towards \$80 mark.
- MCX Crude oil March is expected to hold support near 6400 and move higher towards 6600. Only a move above 6600 it would open the doors towards 6720.
- MCX Natural gas March futures is expected to find support near 144 and move higher towards 155 on the prospects of production cut by major producers in US. However, higher US production might check its upside beyond 155.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61722	61849	62079	62206	62436
Silver	69496	69883	70541	70928	71586
Copper	722.4	724.6	726.1	728.3	729.9
Aluminium	193.3	195.9	198.0	200.6	202.7
Zinc	211.0	212.6	213.7	215.3	216.4
Lead	171.0	173.6	176.7	179.3	182.4
Crude Oil	6368	6452	6497	6581	6626
Nat Gas	142	146	151	154	160

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.74	82.80	82.89	82.95	83.03
US\$INR (Mar)	82.81	82.87	82.97	83.03	83.13
EURINR (Feb)	89.49	89.70	89.97	90.18	90.45
EURINR (Mar)	89.62	89.84	90.12	90.33	90.61
GBPINR (Feb)	104.50	104.75	105.04	105.29	105.58
GBPINR (Mar)	104.55	104.80	105.10	105.36	105.66
JPYINR (Feb)	55.11	55.17	55.25	55.31	55.39
JPYINR (Mar)	55.46	55.52	55.59	55.64	55.71

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.01	104.08	-0.07%
US\$INR	82.97	82.97	0.00%
EURUSD	1.0819	1.0808	0.10%
EURINR	89.62	89.60	0.02%
GBPUSD	1.2638	1.2623	0.12%
GBPINR	104.64	104.57	0.06%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.053	7.061	-0.008
US	4.319	4.275	0.0434
Germany	2.450	2.373	0.077
UK	4.103	4.041	0.062
Japan	0.726	0.734	-0.008

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	122775	-1300	-1.05%
Aluminium	560675	-1450	-0.26%
Zinc	268700	-400	-0.15%
Lead	175600	-1500	-0.85%
Nickel	70362	66	0.09%

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%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	3.95%	4.10%	4.10%	Medium
3:45 PM	UK	Monetary Policy Report Hearings	-	-	-	Medium
Wednesday, February 21, 2024						
4:30 PM	UK	CBI Industrial Order Expectations	-20	-27	-30	Medium
6:30 PM	US	FOMC Member Bostic Speaks	-	-	-	Medium
8:30 PM	Europe	Consumer Confidence	-16	-16	-16	Medium
Thursday, February 22, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
1:45 PM	Europe	French Flash Manufacturing PMI	46.8	43.5	43.1	High
2:00 PM	Europe	German Flash Manufacturing PMI	42.3	46.1	45.5	High
2:30 PM	Europe	Flash Manufacturing PMI	46.1	47	46.6	High
3:00 PM	UK	Flash Manufacturing PMI	47.1	47.5	47	High
7:00 PM	US	Unemployment Claims	201K	217K	212K	High
8:15 PM	US	Flash Manufacturing PMI	51.5	50.1	50.7	High
8:15 PM	US	Flash Services PMI	51.3	52	52.5	High
8:30 PM	US	Existing Home Sales	4.00M	3.97M	3.78M	Medium
9:00 PM	US	Natural Gas Storage	-60B	-59B	-49B	Medium
9:30 PM	US	Crude Oil Inventories	3.5M	3.9M	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

Source: Bloomberg, Reuters, ICICI Direct Research



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