

February 29, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	March	Buy	6460-6450	6580	6380	Intraday
EURINR	March	Buy	89.80-89.82	90.20	89.60	Intraday

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## News and Developments

- Spot gold prices got stuck near the \$2030 mark ahead of the key US Core PCE price index numbers. Meanwhile, less than expected rise in last quarter preliminary GDP numbers supported the bullions to find support and edge above the \$2030. GDP of the last quarter rose at an annual rate of 3.2% against previous reading of 3.3%. However, hawkish comments from the Fed members restricted any major upside in the bullions.
- The US dollar index edged higher amid weakness in the equities. Further upward revision in Q4 personal consumption and core PCE price index also supported the dollar to stay near 103.90. Meanwhile, decline in US treasury yields capped its upside.
- US 10-year treasury yields dipped to 4.27% and the 2-year treasury yield, which typically moves in step with interest rate slide towards 4.65%.
- Crude oil pared all its gains after rallying to its three and half month high on Wednesday amid bearish weekly EIA inventory data. US weekly crude oil inventories jumped to 4.2M barrels against market expectation of 3.1M barrels. Earlier oil prices rallied towards the \$79 mark amid escalating geopolitical tension in the Middle East. Further, increasing bets of extension in production cut by OPEC+ beyond March also supported the oil prices to remain firm.
- Copper prices edged lower on Wednesday amid sluggish growth in the Chinese property sector. Meanwhile, hopes of fresh round of stimulus from China ahead of the next week's annual parliamentary meeting limited its downside. Additionally depleting inventory levels in LME also checked its downside.
- NYMEX natural gas prices gained more than 3% yesterday on expectation of lower production from top producers to counter low prices.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62249	-0.08%	2034.55	0.20%
Silver	68703	-0.55%	22.46	-0.02%
Copper	725.6	0.29%	8448.50	-0.30%
Aluminium	199.9	0.63%	2190.50	-0.05%
Zinc	213.1	-1.84%	2414.50	-0.31%
Lead	177.2	0.54%	2083.00	-0.36%
WTI Crude Oil	6520	0.09%	78.54	-0.42%
US Nat Gas	156.7	3.64%	1.89	16.72%

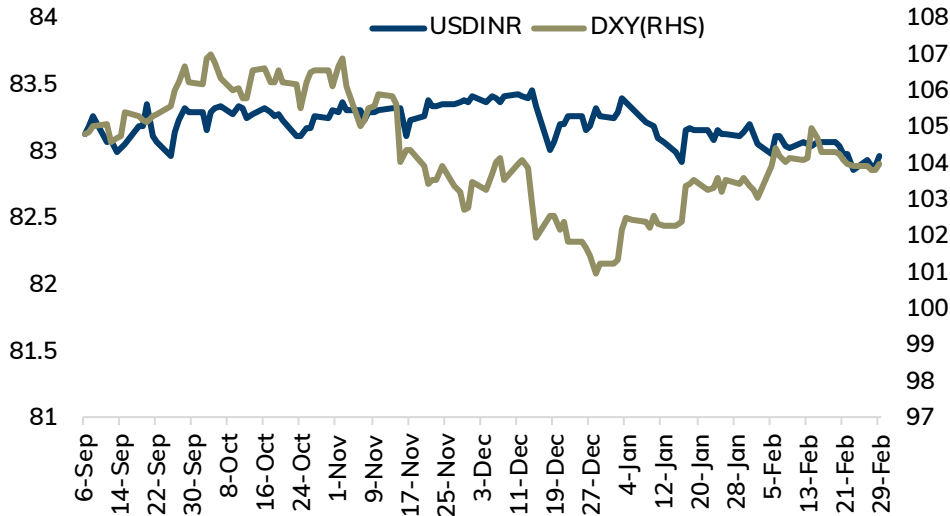
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.97	0.10%	2169420	1072077	1476883	191256
EURINR (27th Feb)	89.84	-0.11%	106854	80321	160122	108048
GBPINR (27th Feb)	104.97	-0.13%	199520	91347	297478	218849

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural gas	March	Buy	145-146	155	140	Not Initiated
USDINR	March	Sell	82.96-82.97	82.82	83.05	Exit at cost

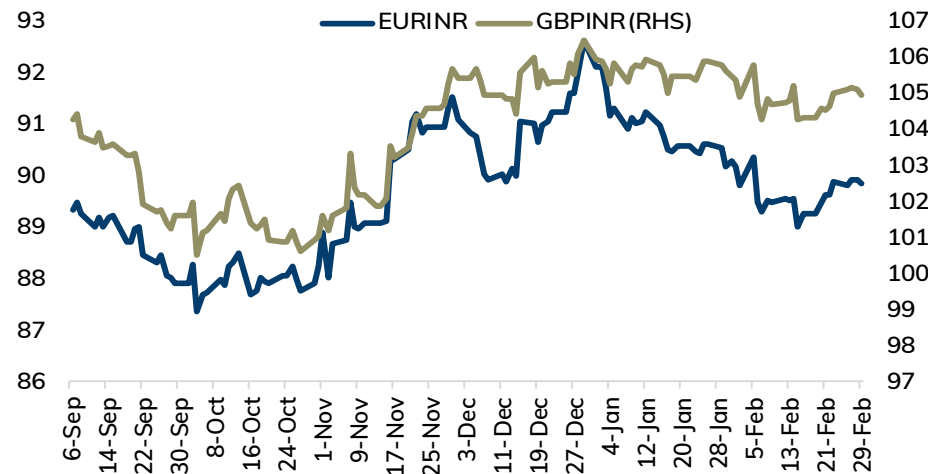
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended weaker yesterday due to strong dollar and risk aversion in the domestic markets. Further, investors remained cautious ahead of release of GDP data from US and comments from Fed officials to get cues on interest rate outlook.
- Rupee is likely to appreciate today amid expectation of correction in dollar and US treasury yields. US Dollar and Yields are likely to move south ahead of Core-PCE price Index data, which may give fresh cues on when the Federal Reserve is likely to begin cutting interest rates. Core-PCE price index is anticipated to show price pressure continued to ebb. Additionally, US Q4 GDP was revised downward by -0.1 to 3.2%. Meanwhile, sharp gains may be prevented on pessimistic global market sentiments. USDINR March likely to slip towards 82.90 levels as long as it sustains below 83.05 levels

## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro edged lower by 0.05% yesterday due to firm dollar and weak economic data from euro zone. Meanwhile, sharp downside was cushioned on hawkish comments from ECB Vice President Guindos and ECB Governing Council members Kazimir and Kazaks. For today, EURUSD is likely to hold the support near 1.0790 level and rise towards 1.0870 level amid expectation of correction in dollar and hawkish comments from ECB officials. Meanwhile, investors will remain cautious ahead of consumer price data from Germany, France and Spain. EURINR March may rise towards 90.30 level as long as it trades above 89.60 levels
- Pound is expected to rise further towards 1.2700 level amid expectation of correction in dollar. Meanwhile, markets await economic data, as it could affect expectations for the BOE policy path. GBPINR March is likely to move north towards 105.30 level as long as it stays above 104.70 levels

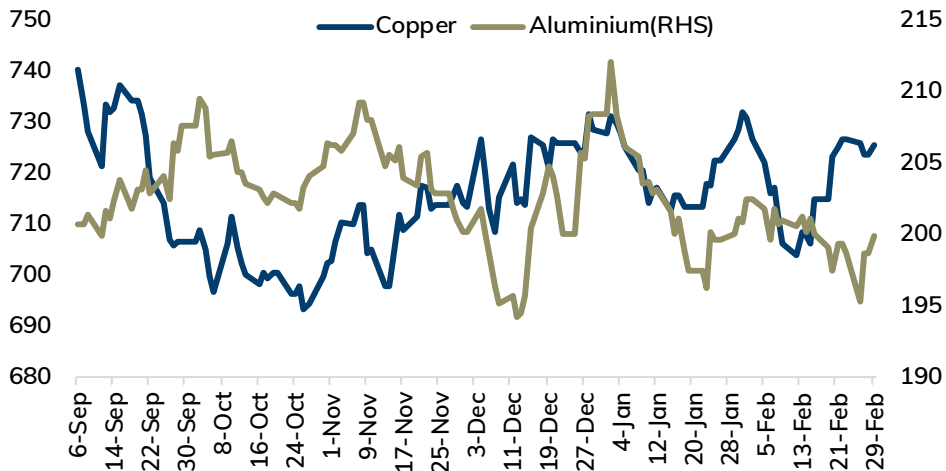
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is expected to hold the support of \$2020 and rise towards the immediate resistance near \$2045, amid softness in the dollar and decline in US treasury yields. Prices could find support on expectation of moderation in core PCE price index, which may increase the chance of interest rate cut by the Fed. Further, escalating tension in the Mideast and Ukraine would bring safe haven buying in to the bullions. Meanwhile, comments from the Fed members would also be eyed after the key inflation numbers.
- MCX Gold April price is expected to consolidate in the band of 62,000 and 62,500. Only a move above 62,500 it would rise towards 62,900. On the flip side a move below 62,000 it would slide towards 61,500.
- MCX Silver May hold strong support near 70,200, if holds then it would rebound towards 71,500.

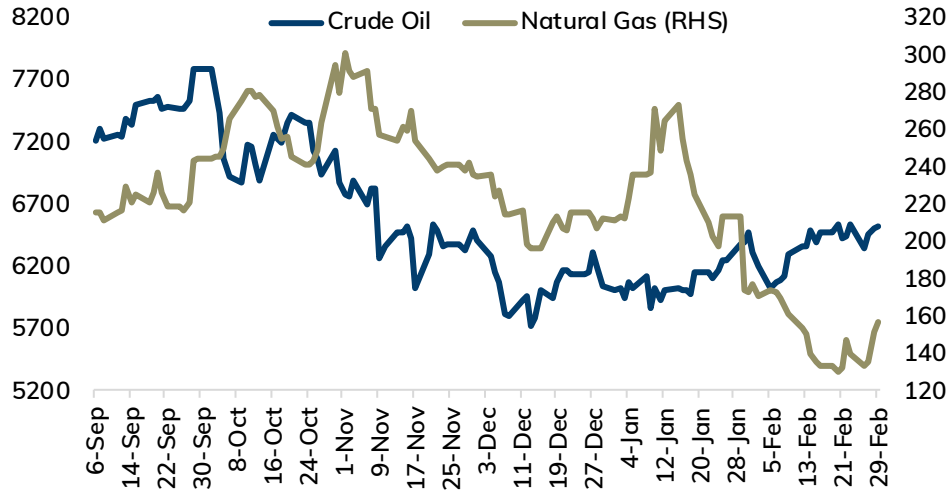
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain in a tight range as subdued demand from China is likely to check its upside. Meanwhile, expectation of fresh round of stimulus from the top metal consumer China and depleting LME inventories could provide some support to the red metal. Meanwhile, focus will remain on key US inflation data which could bring more clarity on the timing of first rate cut.
- MCX Copper March is expected to move in the band of 723 and 730. Only close below 723 it would turn weaker
- Aluminum March future is expected to trade weaker as sluggish growth and lower demand from the auto industries in China would weigh on the metal price. MCX Aluminum March is expected to dip towards 196, as long as it trades below 201.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to trade higher and move towards \$79.50 amid strong physical demand. Increasing bets production cuts by the OPEC+ members beyond the first quarter would help the oil prices to trade firm. Again supply disruption due to unrest in the Mideast and tension in the Red Sea would also support the oil prices to stay above the \$77 mark. Meanwhile, higher interest rate outlook by the Fed could limit its upside. Investors will keep an eye on today's PCE price index to get further clarity.
- MCX Crude oil March is expected to hold the support near 6380 and move towards 6600. Above 6600 it would extend its rally towards 6720.
- MCX Natural gas March futures is expected to find support near 150 and move higher towards 162. Only below 150 it would turn weaker.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61946	62097	62229	62380	62512
Silver	67465	68084	68662	69281	69859
Copper	715.3	720.5	728.0	733.2	740.7
Aluminium	199.9	199.9	199.9	199.9	199.9
Zinc	208.9	211.0	214.0	216.1	219.1
Lead	177.0	177.1	177.2	177.3	177.3
Crude Oil	6383	6451	6525	6593	6667
Nat Gas	146	151	154	160	163

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.92	82.95	82.98	83.01	83.04
US\$INR (Mar)	83.06	83.08	83.12	83.14	83.18
EURINR (Feb)	89.59	89.71	89.86	89.99	90.14
EURINR (Mar)	89.82	89.94	90.08	90.19	90.33
GBPINR (Feb)	104.59	104.78	104.99	105.18	105.38
GBPINR (Mar)	104.66	104.87	105.11	105.32	105.56
JPYINR (Feb)	55.27	55.34	55.41	55.48	55.55
JPYINR (Mar)	55.71	55.77	55.83	55.89	55.96

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.98	103.83	0.14%
US\$INR	82.93	82.90	0.04%
EURUSD	1.0838	1.0844	-0.06%
EURINR	89.56	89.98	-0.46%
GBPUSD	1.2662	1.2685	-0.18%
GBPINR	104.71	105.20	-0.47%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.066	7.071	-0.005
US	4.264	4.303	-0.0393
Germany	2.459	2.464	-0.005
UK	4.185	4.196	-0.011
Japan	0.700	0.693	0.007

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	124825	-1700	-1.34%
Aluminium	591675	9000	1.54%
Zinc	268050	-425	-0.16%
Lead	169875	-1150	-0.67%
Nickel	69330	-456	-0.65%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 26, 2024						
8:30 PM	US	New Home Sales	661K	680K	664K	Medium
Tuesday, February 27, 2024						
12:30 PM	Europe	German GfK Consumer Climate	-29	-29	-29.7	Medium
7:00 PM	US	Durable Goods Orders m/m	-6.10%	-4.70%	0.00%	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	6.10%	6%	5.40%	Medium
8:30 PM	US	CB Consumer Confidence	106.7	114.8	114.8	High
8:30 PM	US	Richmond Manufacturing Index	-5	-4	-15	Medium
Wednesday, February 28, 2024						
7:00 PM	US	Prelim GDP q/q	3.20%	3.30%	3.30%	High
7:00 PM	US	Prelim GDP Price Index q/q	1.60%	1.50%	1.50%	High
9:00 PM	US	Crude Oil Inventories	4.2M	3.1M	3.5M	Medium
Thursday, February 29, 2024						
12:30 PM	Europe	German Retail Sales m/m	-	0.50%	-1.60%	Medium
12:30 PM	Europe	German Prelim CPI m/m	-	0.50%	0.20%	High
1:30 PM	Europe	Spanish Flash CPI y/y	-	2.80%	3.40%	Medium
3:30 PM	India	GDP Annual Estimate YoY	-	6.90%	7.30%	High
3:30 PM	India	GDP YoY	-	6.50%	7.60%	High
7:00 PM	US	Core PCE Price Index m/m	-	0.40%	0.20%	High
7:00 PM	US	Unemployment Claims	-	209K	201K	High
7:00 PM	US	Personal Spending m/m	-	0.20%	0.70%	Medium
8:15 PM	US	Chicago PMI	-	47.9	46	Medium
8:30 PM	US	Pending Home Sales m/m	-	1.50%	8.30%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-60B	Medium
Friday, March 01, 2024						
7:00 AM	China	Manufacturing PMI	-	49.1	49.2	High
7:00 AM	China	Non-Manufacturing PMI	-	50.8	50.7	High
7:15 AM	China	Caixin Manufacturing PMI	-	50.7	50.8	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	2.50%	2.80%	Medium
8:30 PM	US	ISM Manufacturing PMI	-	49.5	49.1	High
8:30 PM	US	Revised UoM Consumer Sentiment	-	79.6	79.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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