

August 5, 2024

# Daily Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	August	Sell	798-799	790	803	Intraday

### Research Analysts

**Jay Thakkar**  
jay.thakkar@icicisecurities.com

**Raj Deepak Singh**  
rajdeepak.singh@icicisecurities.com

**Saif Mukadam**  
saif.mukadam@icicisecurities.com

**Anup Sahu**  
anup.sahu@icicisecurities.com

## News and Developments

- Spot gold prices retreated on profit taking after rallying over 1% earlier in the session while Silver gained more than 0.1%. Bullions had rallied in the earlier session on hopes of rate cuts buoyed by weaker than expected US jobs data
- Dollar ended on negative note on Friday losing more than 1%, dropping to 4 month low after a weaker than expected employment report for July raised expectations that the Federal Reserve will cut interest rates by 50 basis points in September
- US job data showed Employers added 114,000 jobs, below expectations for an increase of 175,000. The unemployment rate rose to 4.3%, above expectations that it would be unchanged on the month at 4.1%. Average hourly earnings rose 0.2% last month after climbing 0.3% in June. In the 12 months through July, wages increased 3.6%, smallest YoY gain since May 2021.
- US Treasury yields slipped on Friday after data showed US economy produced fewer jobs than expected in July while the unemployment rate rose, supporting bets of interest rate cuts by the Fed this year. Yield on benchmark US 10-year treasury note slipped to 3.978% and 2-year treasury yield, which typically moves in step with interest rate expectations skid to 4.150%
- Crude oil prices settled lower on Friday losing more than 3.5%, lowest since January after data showed the US economy added fewer jobs than expected last month. Further, a Reuters survey found OPEC oil output rose in July. OPEC pumped 26.70 mbpd last month, up 100,000 bpd from June
- Copper prices slipped on Friday amid risk aversion in the global markets and mounting concerns over Chinese demand. Further, weak US jobs data added to concerns that slowing economic growth will hit consumption

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	69789	-0.24%	2443.24	-0.12%
Silver	82493	-0.12%	28.56	0.13%
Copper	795.1	0.61%	9055.50	0.03%
Aluminium	210.6	-0.59%	2263.50	-1.42%
Zinc	251.4	0.38%	2653.00	-1.99%
Lead	185.9	-0.40%	2023.00	-1.89%
WTI Crude Oil	6146	-4.51%	73.52	-3.66%
US Nat Gas	164.9	-2.31%	1.97	-0.05%

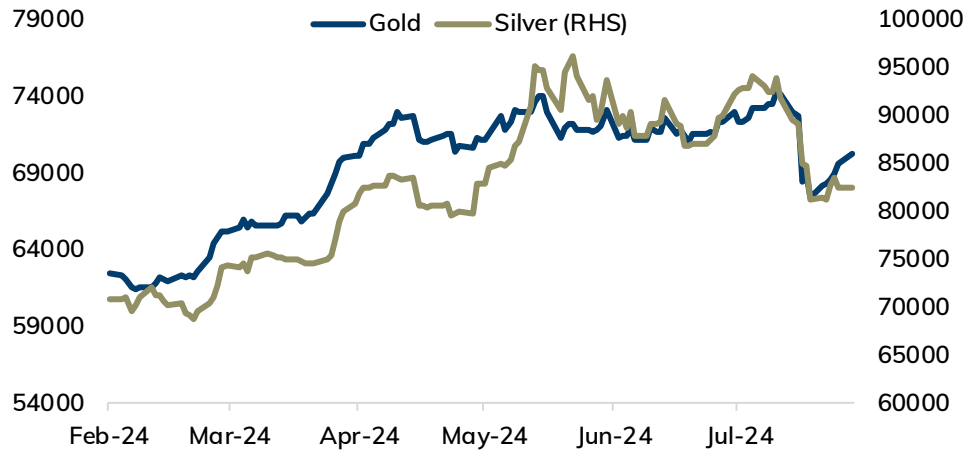
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (28th August)	83.82	0.02%	1185817	214362	393776	66702
EURINR (28th August)	90.75	0.30%	18835	1169	2666	-1287
GBPINR (28th August)	106.85	-0.15%	25060	-1250	8290	-87

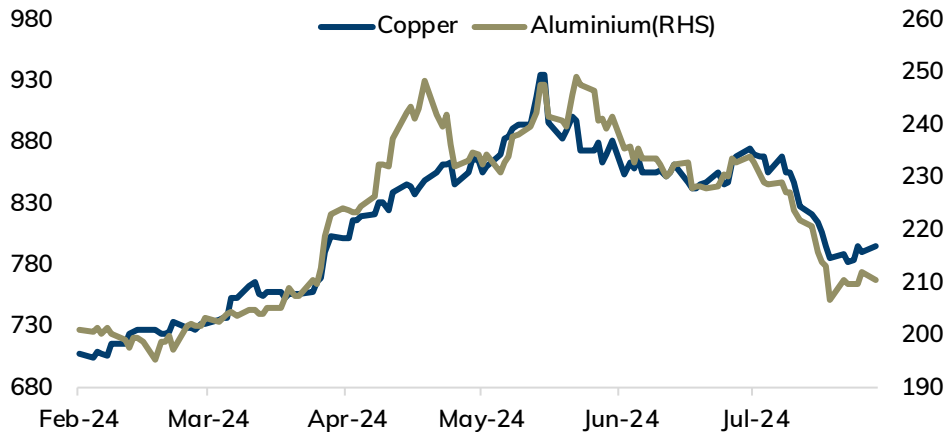
## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	August	Sell	170-171	162	175	Target Achieved

## MCX Gold vs. Silver



## MCX Copper vs. Aluminium



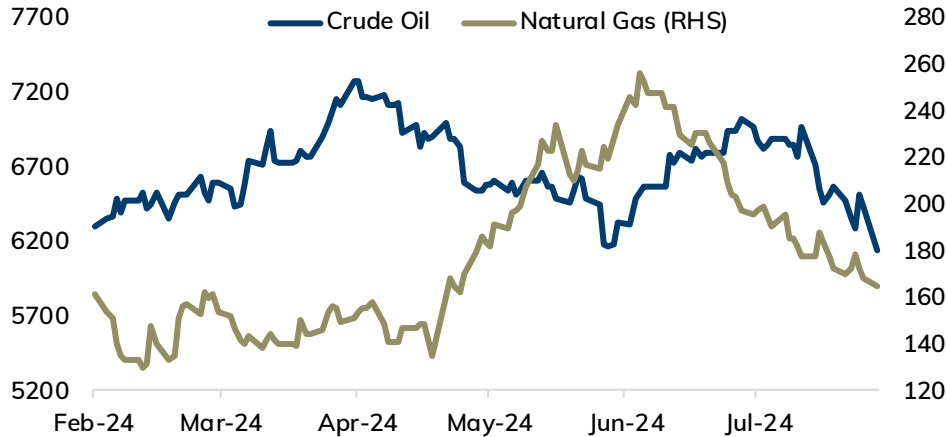
## Bullion Outlook

- Spot gold is expected to rise back towards \$2460 level on weakness in dollar and softening of US treasury yields across curve. Yields and Dollar are moving south as recent Job data heighten fears that labor market is deteriorating. Ease in price pressure along with crack in labor market raised expectations that the Federal Reserve will start cutting interest rates in September. As per CME FedWatch tool, traders are now pricing in a 81% probability that the Fed will cut rates by 50 basis points in September. Additionally, demand for safe haven may increase on escalating tension in Middle East. Gold is likely to rise back towards \$2460 level as long as it stays above \$2405 level (20-Day EMA)
- MCX Gold Oct is expected to hold the support near 69,300 level and rise back towards 70,200 level. A break above 70,200 level prices may rally further towards 70,500/70,900 level
- MCX Silver September is expected to rise back towards 84,000 level as long as it stays above 81,500 level

## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid pessimistic global market sentiments as weaker than expected job data from US stoked fears of recession ahead and mounting demand concerns in China. Further, weaker manufacturing activity across Asia, Europe and US raised the risk of sluggish economic recovery, weighing on metal demand. Furthermore, prices may slip on persistent rise in copper stockpiles along with decline in cancel warrants at LME registered warehouses.
- MCX Copper Aug is expected to slip further towards 780 level as long as it stays below 802 level. A break below 780 level prices may skid further towards 775 level
- Aluminum is expected move south towards 208 level as long as it stays below 213 level. A break below 208 level prices may slip further towards 206.50 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$72 level on risk aversion in the global markets after weak job data from US stoked fears of recession. Further, disappointing economic data across major countries raised concern over sluggish global economic recovery, weighing on oil prices. Moreover, falling diesel consumption in China, is also weighing on global oil prices. While, higher concentration of OI at call strike 75 would act as stiff resistance. Meanwhile, sharp fall may be cushioned on escalating tension in Middle East after Iran, Hamas and Hezbollah pledged to retaliate against Israel for the killings of Hamas' leader Ismail Haniyeh and Fuad Shukr. NYMEX Crude oil is likely to slip towards \$72 as long as it trades below \$75.0 level
- MCX Crude oil is likely to move south towards 6000 level as long as it stays below 6300 level
- MCX Natural gas Aug is likely to slip towards 158 level as long as it stays below 171 level.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	68362	69076	70020	70734	71678
Silver	79706	81099	82900	84293	86094
Copper	786.5	790.8	795.3	799.6	804.1
Aluminium	206.9	208.7	211.9	213.7	216.9
Zinc	247.9	249.6	251.9	253.6	255.8
Lead	184.9	185.4	186.0	186.5	187.2
Crude Oil	5900	6023	6252	6375	6604
Nat Gas	157	161	166	169	174

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	83.73	83.77	83.81	83.85	83.89
US\$INR (Sep)	83.83	83.86	83.88	83.91	83.93
EURINR (Aug)	90.25	90.50	90.65	90.90	91.05
EURINR (Sep)	90.44	90.65	90.82	91.04	91.21
GBPINR (Aug)	106.51	106.68	106.80	106.97	107.08
GBPINR (Sep)	106.66	106.77	106.83	106.94	107.01
JPYINR (Aug)	55.85	56.10	56.25	56.50	56.65
JPYINR (Sep)	56.01	56.28	56.58	56.86	57.16

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.21	104.42	-1.16%
US\$INR	83.75	83.73	0.03%
EURUSD	1.0911	1.0791	1.11%
EURINR	90.62	90.24	0.42%
GBPUSD	1.2801	1.2739	0.49%
GBPINR	106.69	106.80	-0.11%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	6.894	6.916	0.00
US	3.790	3.976	-0.05
Germany	2.174	2.244	-0.03
UK	3.828	3.882	-0.01
Japan	0.950	1.041	-0.09

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
7/31/2024	8:00 PM	-3.4M	-1.6M
7/24/2024	8:00 PM	-3.7M	-2.6M
7/17/2024	8:00 PM	-4.9M	-0.9M
7/10/2024	8:00 PM	-3.4M	0.7M
7/3/2024	8:00 PM	-12.2M	-0.4M
6/26/2024	8:00 PM	3.6M	-2.6M
6/20/2024	8:30 PM	-2.5M	-2.8M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	246500	1350	0.55%
Aluminium	925625	-3700	-0.40%
Zinc	232550	-2125	-0.91%
Lead	231600	-2725	-1.16%
Nickel	110124	174	0.16%

# Economic Calendar



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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Bhavesh Soni Email address: [headsservicequality@icicidirect.com](mailto:headsservicequality@icicidirect.com) Contact Number: 18601231122

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