

March 6, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	March	Sell	729-729.50	723	733	Intraday
USDINR	March	Sell	82.95-82.96	82.82	83.02	Intraday

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News and Developments

- Spot gold extended its rally on Tuesday and hit its highest level at \$2141 amid growing bets of the Fed rate cut in June. Further, softness in the US dollar index and decline in treasury yields across the curve supported the bullions to trade firm.
- The US dollar index edged lower after the US ISM service PMI data and factory order data fell more than expected. The weaker set of economic numbers raised the concerns about economic slowdown in US and increased the odds of June rate cut.
- As per the CME Fed-watch tool June rate cut bets remained above the 55% against previous reading of 53%.
- US 10-year treasury yields dipped to 4.15% and the 2-year treasury yield, which typically moves in step with interest rate moved towards 4.56%.
- NYMEX crude oil prices gave up its earlier gains and edged lower amid weaker economic numbers from US and muted growth outlook in China. Decline in US January factory orders which marked its biggest decline in 3 years raised demand concerns. Meanwhile, ongoing geopolitical tension in the Middle East and Ukraine limited the downside in oil prices.
- Copper prices edged lower amid lack of any significant stimulus from China in its annual conference. China's announcement of a 5% growth target for 2024 at a recent parliament meeting disappointed some investors.
- Natural gas rose early yesterday after another US producer EQT corp planned to cut production by 1 bcf per day through march to ease the supply glut.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	64845	0.59%	2128.04	0.64%
Silver	72257	1.60%	23.67	-0.90%
Copper	726.2	-0.30%	8491.50	-0.60%
Aluminium	201.8	-0.12%	2228.50	-0.25%
Zinc	217.1	0.28%	2455.00	0.24%
Lead	178.8	0.34%	2046.50	-0.29%
WTI Crude Oil	6481	-0.70%	78.15	-0.75%
US Nat Gas	160.0	-1.60%	1.96	2.14%

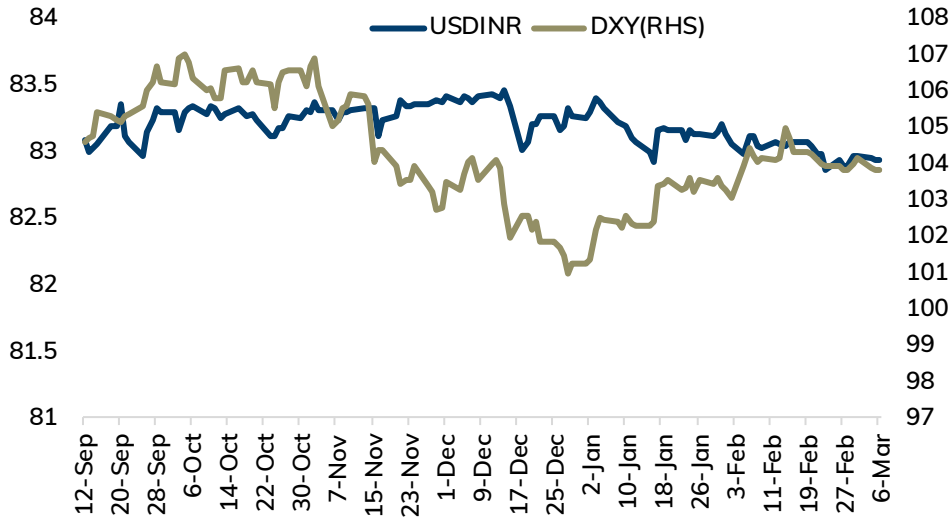
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	82.94	0.01%	2672966	-36016	964067	-814401
EURINR (26th Mar)	90.06	-0.02%	113678	1394	68173	-74583
GBPINR (26th Mar)	105.21	0.06%	208143	1681	138680	-36713

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	April	Buy	64150-64160	64750	63800	Not Initiated
GBPINR	March	Buy	105.13-105.15	105.50	104.95	Profit booked

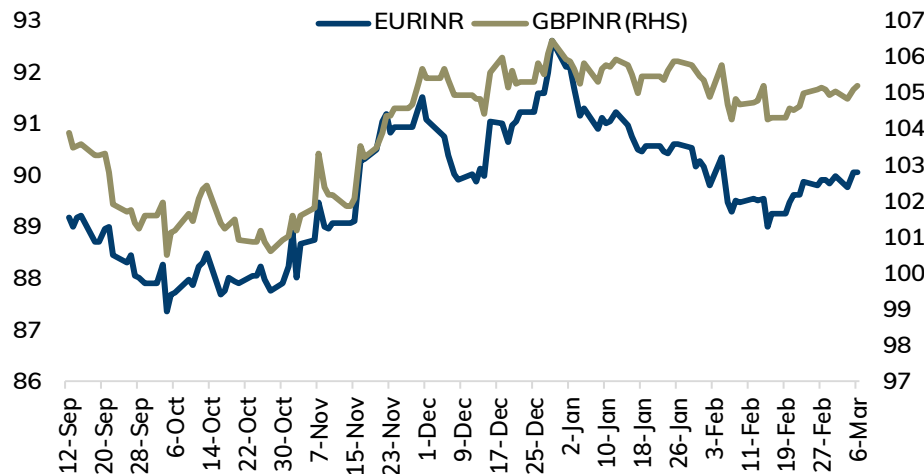
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended barely changed yesterday amid pessimistic domestic market sentiments. Further, investors remained cautious ahead of slew of economic data from US to get fresh cues on rate trajectory.
- Rupee is likely to appreciate today amid expectation of further correction in dollar and US treasury yields. Dollar is moving south as data showed US services industry growth eased and investors remained cautious ahead of congressional testimony from Federal Reserve Chair Jerome Powell. Additionally, Bloomberg Index Services announced inclusion of Indian government bond in its EM local currency government index and related indices from January 2025, this would boost debt inflows. USDINR March likely to slip towards 82.82 levels as long as it sustains below 83.02 levels

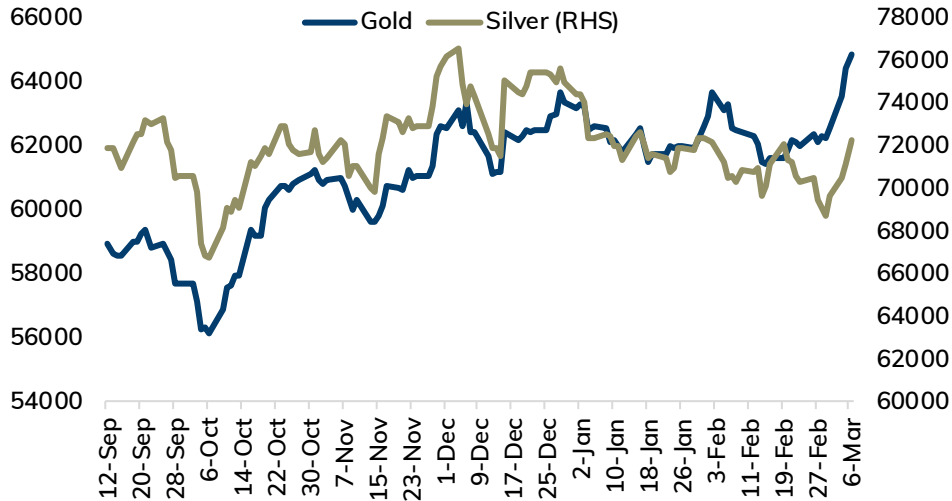
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged higher by 0.01% yesterday amid weak dollar and positive economic data from euro zone. The Eurozone S&P composite PMI was revised upward to an 8-month high of 49.2 from the previously reported 48.9. For today, EURUSD is likely to hold the support near 1.0820 level and rise towards 1.0880 level amid soft dollar and improved economic data from euro zone. Additionally, ECB is widely expected to leave interest rate at record high. While, investors will lookout for any clues about when interest rates might start falling. EURINR March may rise towards 90.20 level as long as it trades above 89.80 levels
- Pound is expected to rise further towards 1.2740 level amid soft dollar. Meanwhile, sharp upside may be capped as investors will remain cautious ahead of British budget, where finance minister faces pressure to cut taxes. Additionally, activity in construction sector is projected to contract for 6th consecutive time. GBPINR March is likely to move north towards 105.40 level as long as it stays above 104.90 levels

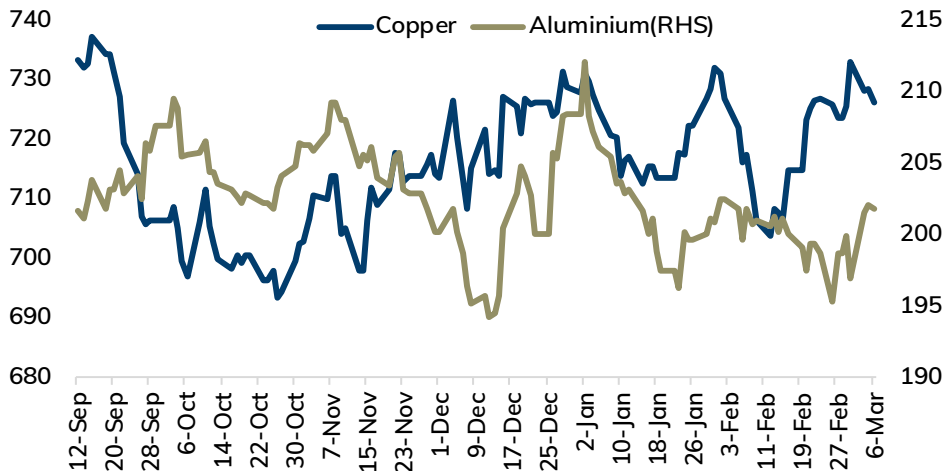
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to hold the support of \$2110 and march towards \$2140, amid softness in the dollar and decline in US treasury yields. The US dollar index is expected to remain under pressure amid expectation of moderation in US job growth. Meanwhile, focus will be shifted towards the Fed chairs testimony which could give more clarity on the timing of the first interest rate cut. Further, increasing safe haven appeal for the metal would provide enough support to the bullions to hold firm.
- MCX Gold April price is expected to hold the support near 64500 and extend its rally towards 65200. Above 65200, it would test 65500.
- MCX Silver May is likely to find support near 72800 and rebound towards 74200. Only close below 72800 it would test 72,200.

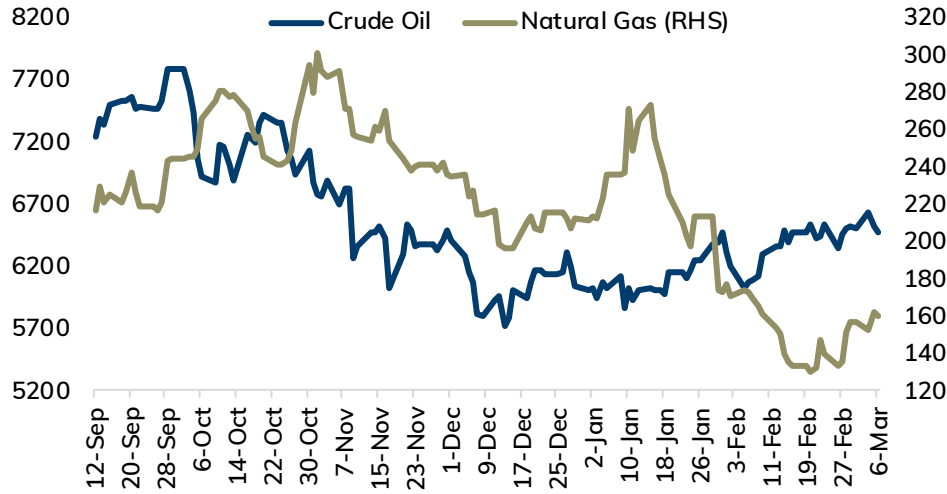
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to move towards south amid lack of any significant stimulus measure from China. Further, lack of details on any new policy measure would also weigh on the sentiments. Additionally, contraction in manufacturing activity in the region would check its upside. Meanwhile, depleting inventory level in LME and softness in the dollar could provide some support to the base metals.
- MCX Copper March is expected to move in the band of 723 and 733. Only close below 723, it would move towards 719.
- Aluminum March future is expected to hold the support near 200 and extend its rebound towards 203. Above 203 it would rise towards 205.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to find support near \$77 and move higher towards \$79.50 amid tight supplies and escalating geopolitical tension in the Mideast. Further, softness in the dollar amid increasing bets of rate cut in June would also support the oil price. Meanwhile, rise in API crude oil inventory levels and skepticism around China achieving its economic growth forecast would limit its upside. Focus will remain on weekly EIA inventory data which may give further clarity on its direction.
- MCX Crude oil March is expected to find support near 6400 and rise towards 6650. Only close below 6400 it would turn weaker.
- MCX Natural gas March futures is expected to move in the band of 155 to 165. Only a sustained move above 165 it would open the doors towards 172.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	63963	64404	64772	65213	65581
Silver	71116	71687	72187	72758	73258
Copper	722.3	724.2	727.6	729.6	733.0
Aluminium	200.8	201.3	201.8	202.3	202.8
Zinc	215.0	216.0	217.2	218.3	219.5
Lead	177.3	178.0	178.5	179.2	179.7
Crude Oil	6352	6416	6500	6564	6648
Nat Gas	155	158	160	162	164

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.89	82.92	82.94	82.96	82.98
US\$INR (Apr)	83.01	83.03	83.05	83.07	83.09
EURINR (Mar)	89.96	90.01	90.06	90.10	90.15
EURINR (Apr)	90.16	90.21	90.25	90.30	90.34
GBPINR (Mar)	105.06	105.13	105.22	105.29	105.37
GBPINR (Apr)	105.19	105.25	105.31	105.38	105.44
JPYINR (Mar)	55.32	55.37	55.40	55.45	55.48
JPYINR (Apr)	55.75	55.79	55.84	55.89	55.93

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.80	103.83	-0.03%
US\$INR	82.89	82.89	0.00%
EURUSD	1.0857	1.0856	0.01%
EURINR	89.96	89.93	0.03%
GBPUSD	1.2705	1.2692	0.10%
GBPINR	105.16	105.09	0.07%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.057	7.061	-0.004
US	4.153	4.213	-0.0606
Germany	2.323	2.392	-0.069
UK	4.011	4.117	-0.106
Japan	0.707	0.719	-0.012

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	114075	-2700	-2.31%
Aluminium	583700	-2900	-0.49%
Zinc	275150	-650	-0.24%
Lead	187750	4650	2.54%
Nickel	73944	-48	-0.06%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 04, 2024						
3:00 PM	Europe	Sentix Investor Confidence	-10.5	-10.8	-12.9	Medium
Tuesday, March 05, 2024						
5:00 AM	Japan	Tokyo Core CPI y/y	2.50%	2.50%	1.60%	Medium
7:15 AM	China	Caixin Services PMI	52.5	52.9	52.7	Medium
8:30 PM	US	ISM Services PMI	52.6	52.9	53.4	High
Wednesday, March 06, 2024						
3:00 PM	UK	Construction PMI	-	49	48.8	Medium
6:45 PM	US	ADP Non-Farm Employment Change	-	145K	107K	High
8:30 PM	US	Fed Chair Powell Testifies	-	-	-	High
8:30 PM	US	JOLTS Job Openings	-	8.90M	9.03M	High
9:00 PM	US	Crude Oil Inventories	-	-	4.2M	Medium
Thursday, March 07, 2024						
Tentative	China	Trade Balance	-	620B	541B	Medium
12:30 PM	Europe	German Factory Orders m/m	-	-6%	8.90%	High
6:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
7:00 PM	US	Unemployment Claims	-	212K	215K	High
8:30 PM	US	Fed Chair Powell Testifies	-	-	-	High
9:00 PM	US	Natural Gas Storage	-	-	-96B	Medium
Friday, March 08, 2024						
12:30 PM	Europe	German Industrial Production m/m	-	0.50%	-1.60%	Medium
7:00 AM	US	Average Hourly Earnings m/m	-	0.20%	0.60%	High
7:00 AM	US	Non-Farm Employment Change	-	190K	353K	High
7:00 AM	US	Unemployment Rate	-	3.70%	3.70%	High



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