

December 26, 2023

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62550-62500	62950	62300	Intraday
USDINR	December	Sell	83.20-83.21	83.05	83.30	Intraday

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## News and Developments

- Gold prices extended its gains on Friday amid weakness in the US dollar and fall in treasury yields. The US dollar index hit its 5-month lows on Friday after the PCE price index decline to 2.6% (YoY) against previous reading of 2.9%(YoY) and the Core PCE price index softened to 3.2% (YoY) in November. The softness in the inflation numbers increased the bets that Fed is likely to cut the rates in 1<sup>st</sup> quarter of 2024.
- US 10 year treasury yields remained near 3.90% mark and 2 year yields slide below 4.35% amid increasing probability of rate cut in March 2024. The CME FedWatch tool indicates more than 74% probability of a 25 bps cut in March.
- NYMEX Crude oil futures edged lower on Friday ahead of the long Christmas holiday weekend. Further, expectation of higher production from Angola after leaving OPEC also weighed on the oil prices to remain below the \$74 mark. On the other hand tension in the Red sea limited the downside in the oil prices.
- Copper prices traded in a tight range after rallying to its 3-month highs on Friday amid increasing prospects of interest rate cut by China. Further, supply disruptions after the attack on the vessels in Red sea also supported the base metal to hold high.
- Aluminium gained the most as due to supply concerns after a fuel depot blast in major bauxite supplier Guinea sparked fears of shortage of the raw material.
- NYMEX natural gas futures gained more than 1% on Friday on forecasts for colder weather in January. Further, record amount of gas flow to US LNG export plants also supported the prices to rise towards 2.6 mark. Meanwhile, record gas productions and higher storage have restricted its upside.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62954	0.72%	2053.08	0.35%
Silver	75386	-0.05%	24.19	-0.89%
Copper	724.0	-0.28%	8573.50	-0.26%
Aluminium	205.7	2.88%	2326.00	3.65%
Zinc	225.8	1.03%	2601.00	2.12%
Lead	179.6	0.14%	2063.00	-0.15%
WTI Crude Oil	6163	0.47%	73.56	-0.45%
US Nat Gas	215.6	0.14%	2.61	1.48%

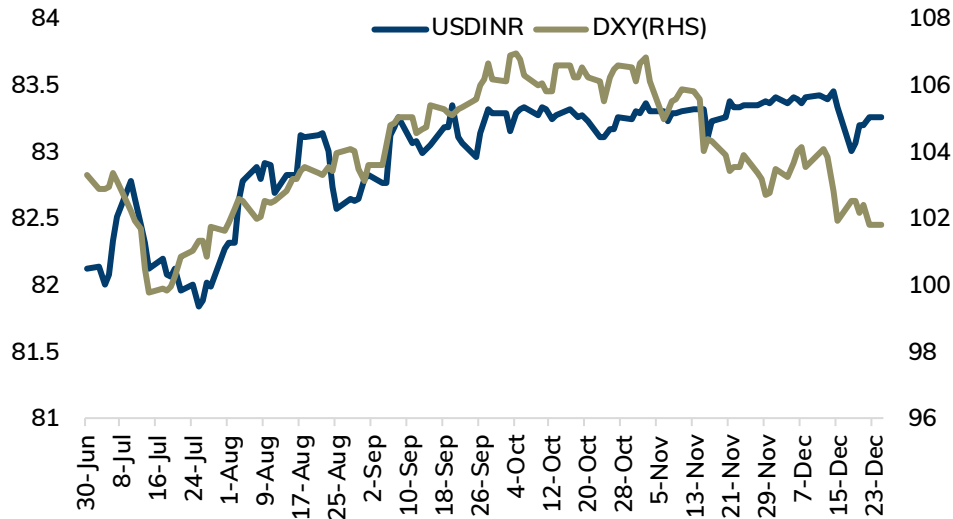
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.17	-0.12%	3419287	-165510	1745557	374934
EURINR (27th Dec)	91.63	0.42%	154755	-4881	166313	68171
GBPINR (27th Dec)	105.84	0.49%	173101	-8370	207312	52352

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62300-62320	62750	62000	Not Initiated
USDINR	December	Sell	83.25-83.26	83.10	83.35	Profit Booked

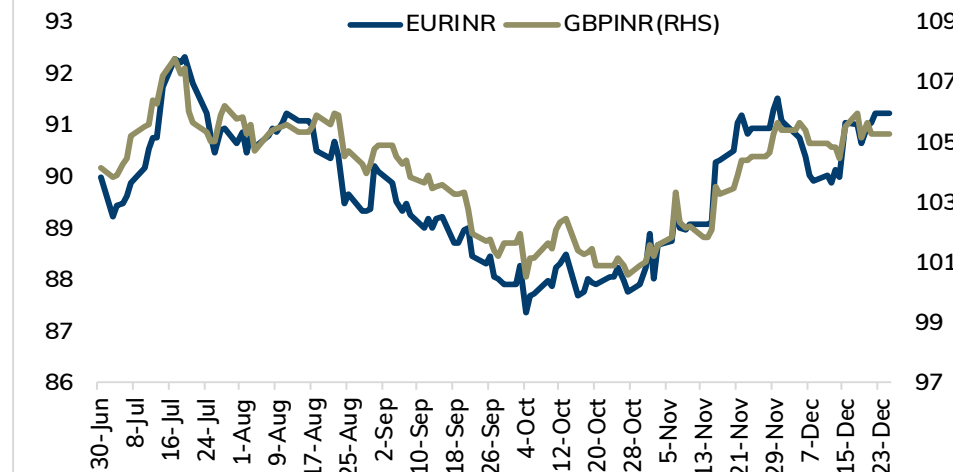
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Friday amid weak dollar and rise in risk appetite in the domestic markets. Meanwhile, sharp gains were limited on surge in crude oil prices and FII outflows
- Rupee is likely to appreciate today amid soft dollar and decline in US treasury yields. Dollar is expected to slip further as recent PCE-Price index data showed annual US inflation slowed further below 3% in November boosting expectation of rate cut in March. Additionally, rise in risk appetite in the domestic markets and softening of crude oil prices will aid rupee to gain strength. USDINR may slip towards 83.05 level as long as it stays below 83.30 level

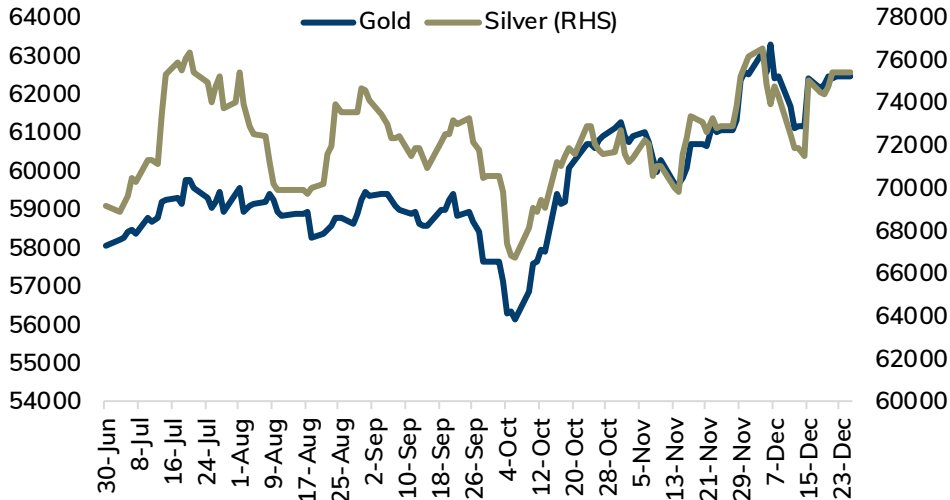
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro moved up by 0.03% on Friday amid weak dollar and hawkish comments from ECB policymakers. Additionally, rise in risk appetite in the global market aided euro to gain strength. For today, EURINR may rise towards 91.90 level as long as it trades above 91.40 levels. A close above 91.90 may open doors for 92.10/92.20 levels. On a flip side close below 91.40 EURINR may sink further towards 91.10/91.0 levels
- Pound edged higher on Friday amid weak dollar and optimistic global market sentiments. Further, pound moved up on improved retail sales data from Britain. UK retail sales surged 1.3% in November compared to market expectation of 0.4% rise. However, sharp upside was capped as data showed UK economy contracted by 0.1% in Q3 CY23. GBPINR is likely to move north towards 105.90 level as long as it stays above 105.30 levels

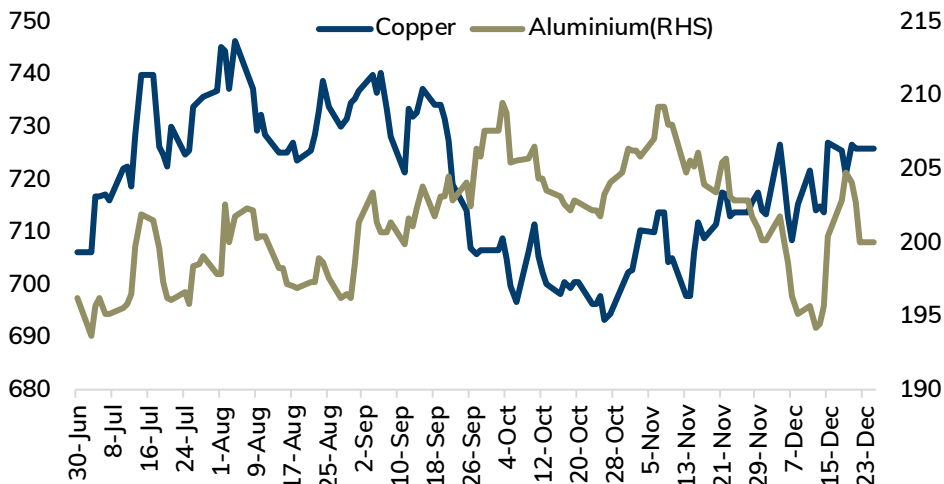
## MCX Gold vs. Silver



## Bullion Outlook

- Gold is expected to hold its ground and move towards \$2070, as long as it trades above the \$2040 mark amid weakness in the dollar and fall in US treasury yields. The softness in the US inflation numbers would again increase the bets of rate cuts by the Fed in the coming year, which would again support the bullion prices to scale new highs. For the day, price may move in a tight range amid lack of participation due to Christmas holiday week in most western countries.
- MCX gold is expected to rise towards 63,300, as long as it holds above 62,600. Only a close above 63,300 would open the doors towards 63,600.
- MCX silver is likely to hold the support near 74800 and move towards 76,200. Only a close below 74800, it would correct towards 74200.

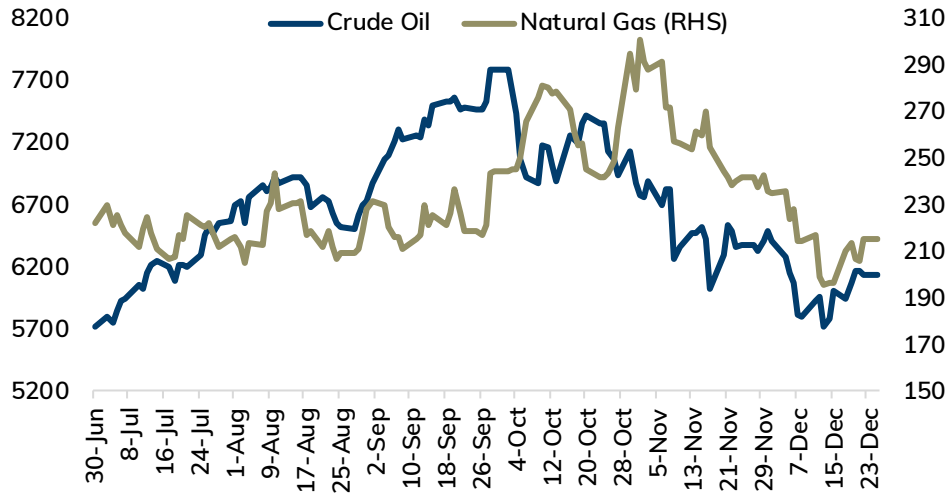
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade in a tight range with a tilt on the bullish side amid increasing supply concerns and softness in the dollar. Further, announcements of a rate cut by China's Big Five banks on some deposits would also support the metal prices.
- MCX Copper January is expected to move towards 736, as long as it holds above the 728 level.
- Aluminium is expected to hold its gains amid supply concerns. MCX Aluminium is likely to rise towards the 210 mark as long as it holds above the 206 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- Crude oil prices are likely to hold to its gains above the \$72.50 mark and move towards the higher end of the range \$72.50-75.50 amid increasing tension in the Middle- East. The attacks on the vessels in the Red sea would also support the oil prices. Further, softness in the US dollar on increasing prospects of rate cut by the Fed would favor the bulls to push the price towards the \$75.50 mark. Meanwhile, increasing crude oil production from Non-OPEC nations and higher inventory levels in the US would check any major upside in oil prices.
- MCX Crude oil January is likely to move inside the range of 6100-6300. Only a move above 6300 would open the doors towards 6400.
- MCX Natural gas January future is likely to face the hurdle near 212 and move lower towards 200 mark. Below 200, 193 holds key to the trend.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62383	62668	62973	63258	63563
Silver	74605	74995	75521	75911	76437
Copper	718.0	721.0	725.0	728.0	732.0
Aluminium	198.6	202.1	204.3	207.9	210.1
Zinc	222.8	224.3	225.4	226.9	228.0
Lead	177.5	178.5	179.6	180.6	181.7
Crude Oil	6058	6110	6179	6231	6300
Nat Gas	203	209	214	220	224

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	83.03	83.10	83.19	83.25	83.34
US\$INR (Jan)	83.12	83.18	83.28	83.34	83.43
EURINR (Dec)	91.34	91.48	91.57	91.71	91.79
EURINR (Jan)	91.49	91.64	91.74	91.89	91.99
GBPINR (Dec)	105.25	105.54	105.73	106.02	106.21
GBPINR (Jan)	105.37	105.66	105.84	106.13	106.31
JPYINR (Dec)	58.33	58.43	58.50	58.60	58.68
JPYINR (Jan)	58.69	58.79	58.87	58.97	59.05

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.70	101.84	-0.14%
US\$INR	83.15	83.28	-0.15%
EURUSD	1.1014	1.1011	0.03%
EURINR	91.51	91.14	0.41%
GBPUSD	1.2701	1.2690	0.09%
GBPINR	105.49	105.19	0.28%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.186	7.190	-0.004
US	3.895	3.888	0.0069
Germany	1.979	1.964	0.015
UK	3.505	3.529	-0.024
Japan	0.625	0.583	0.042

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
12/20/2023	9:00 PM	2.9M	-2.3M
12/13/2023	9:00 PM	-4.3M	-1.9M
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M
11/15/2023	9:00 PM	3.6M	2.5M
11/1/2023	8:00 PM	0.8M	1.5M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	166675	1225	0.74%
Aluminium	508650	500	0.10%
Zinc	229200	-1550	-0.67%
Lead	128700	725	0.57%
Nickel	56058	2382	4.44%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 25, 2023						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, December 26, 2023						
7:30 PM	US	S&P/CS Composite-20 HPI y/y	-	5.00%	3.90%	Medium
Wednesday, December 27, 2023						
8:30 PM	US	Richmond Manufacturing Index	-	-7	-5	Medium
Thursday, December 28, 2023						
7:00 PM	US	Unemployment Claims	-	211K	205K	High
7:00 PM	US	Goods Trade Balance	-	-88.4B	-89.6B	Medium
8:30 PM	US	Pending Home Sales m/m	-	1.10%	-1.50%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	2.9M	Medium
Friday, December 29, 2023						
1:30 PM	Europe	Spanish Flash CPI y/y	-	3.2%	3.2%	Medium
6:00 PM	India	BOP Current Account Balance	-	-\$9.00B	-\$9.20B	High
8:15 PM	US	Chicago PMI	-	50.5	55.8	Medium



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