

March 15, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

| Commodity/Index | Expiry | Action | Entry       | Target | Stop Loss | Time Frame |
|-----------------|--------|--------|-------------|--------|-----------|------------|
| Gold Mini       | April  | Sell   | 65500-65520 | 65100  | 65750     | Intraday   |
| USDINR          | March  | Buy    | 82.84-82.85 | 83.00  | 82.74     | Intraday   |

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## News and Developments

- Spot gold prices ended on the negative note losing more than 0.5% yesterday due to strong dollar and surge in US treasury yields across curve. Prices slid after larger than expected rise in US producer price index cooled expectations of early rate cuts by US Fed
- Dollar index advanced yesterday by 0.55% amid hotter than expected inflation data and as less number of people filled for jobless claims. Investors feared that US Federal Reserve could reduce the number of rate cuts this year as yet another US inflation measure ran hotter than expected
- Report showed, in the 12 months through February, the PPI surged 1.6% after advancing 1.0% in January. U.S initial claims for state unemployment benefits fell 1,000 to a seasonally adjusted 209K for the week ended 9<sup>th</sup> March
- As per CME Fedwatch tool, expectations for Fed to cut rate in June slipped to 54.9% from 58.2% a day ago while, prospects of no rate cut increased to 40.8% from 34.8% a day ago
- U.S. Treasury yields climbed after hotter than expected inflation data, raised uncertainty about whether US Fed would cut interest rates later than June. Yield on benchmark US 10-year treasury note rose to 4.292% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.70%.
- Crude oil prices ended on the positive note gaining more than 1.8% yesterday and settled near 4-month high as IEA predicted a tighter market in 2024 and raised its view on oil demand growth this year. IEA forecast demand will rise by 1.3 mbpd in 2024, up 110,000 bpd from last month, but still lower than growth of 2.3 mbpd last year
- Copper prices ended on the negative note retreating from 11-month high amid strong dollar and as doubts emerged over plans by Chinese smelters to cut output

## Price Performance

| Commodity     | LTP (₹) | Change | LTP (\$) | Change |
|---------------|---------|--------|----------|--------|
| Gold          | 65595   | -0.46% | 2162.19  | -0.56% |
| Silver        | 75226   | 0.07%  | 24.82    | -0.76% |
| Copper        | 752.2   | -0.09% | 8887.50  | -0.44% |
| Aluminium     | 203.7   | -0.29% | 2251.50  | -0.55% |
| Zinc          | 223.2   | -0.58% | 2548.00  | -1.09% |
| Lead          | 181.6   | -0.16% | 2158.00  | -0.51% |
| WTI Crude Oil | 6742    | 2.48%  | 81.26    | 1.93%  |
| US Nat Gas    | 143.3   | 2.28%  | 1.74     | 5.01%  |

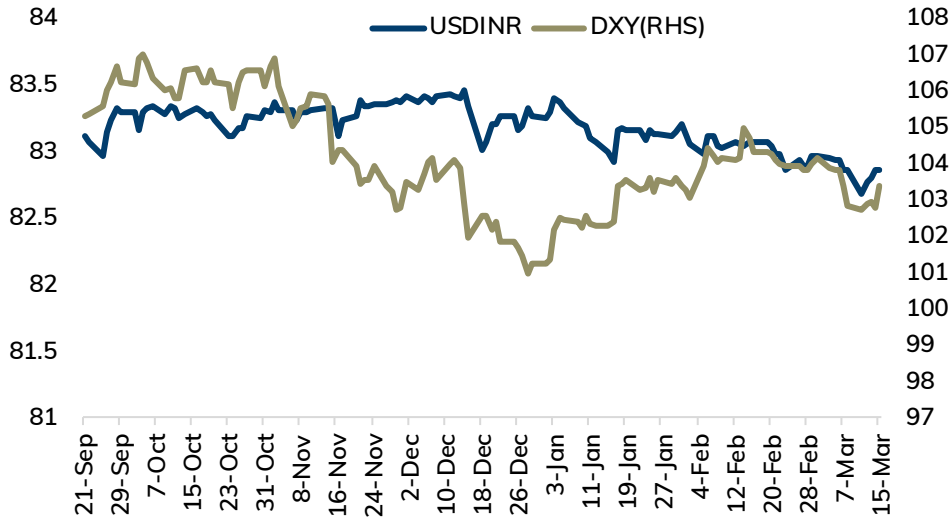
## Domestic Currencies

| Futures           | Close  | % Change | Open Interest | Change in OI | Volume  | Change in Vol |
|-------------------|--------|----------|---------------|--------------|---------|---------------|
| USDINR (26th Mar) | 82.86  | 0.00%    | 2944923       | -116996      | 1549930 | 152863        |
| EURINR (26th Mar) | 90.66  | 0.04%    | 132090        | -3652        | 79097   | -10293        |
| GBPINR (26th Mar) | 106.13 | 0.14%    | 250033        | -2460        | 104861  | -27726        |

## Daily Strategy Follow-up

| Commodity/Index | Expiry | Action | Entry       | Target | Stoploss | Comment       |
|-----------------|--------|--------|-------------|--------|----------|---------------|
| Crude Oil       | April  | Buy    | 6480-6500   | 6650   | 6400     | Not Initiated |
| USDINR          | March  | Buy    | 82.82-82.83 | 82.96  | 82.72    | Not Initiated |

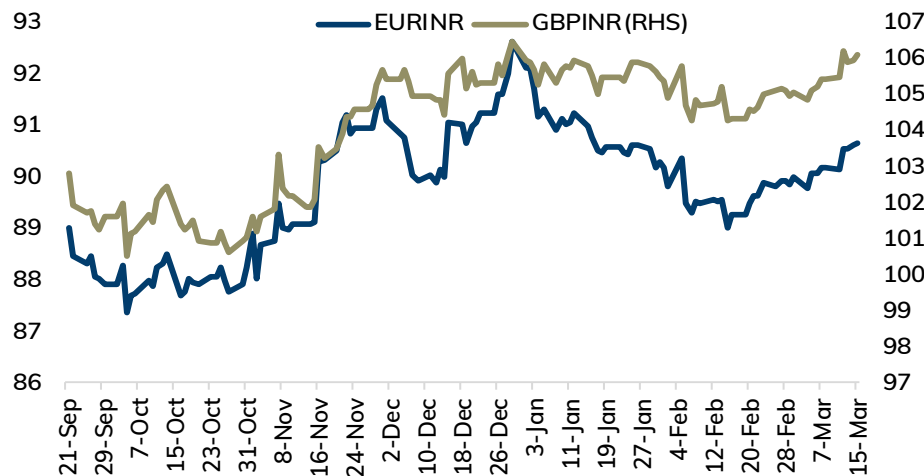
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee moved in a thin range yesterday ahead of key economic data from US to gauge health of the economy and get more clues on timing of interest rate cut.
- Rupee is likely to depreciate today amid higher US treasury yields and strong dollar. Improved US retail sales numbers and rise in PPI data would support the dollar. Stubborn inflation numbers has increased the bets that Federal Reserve may further delay its rate cuts. Moreover higher crude oil prices and weaker global risk sentiments would also weigh on the rupee. Meanwhile, strong inflows into the domestic markets could support the rupee to trim its losses. USDINR March likely to move towards higher band of the consolidation range at 82.80-83.00. Only close above 83.00 it would test 83.10.

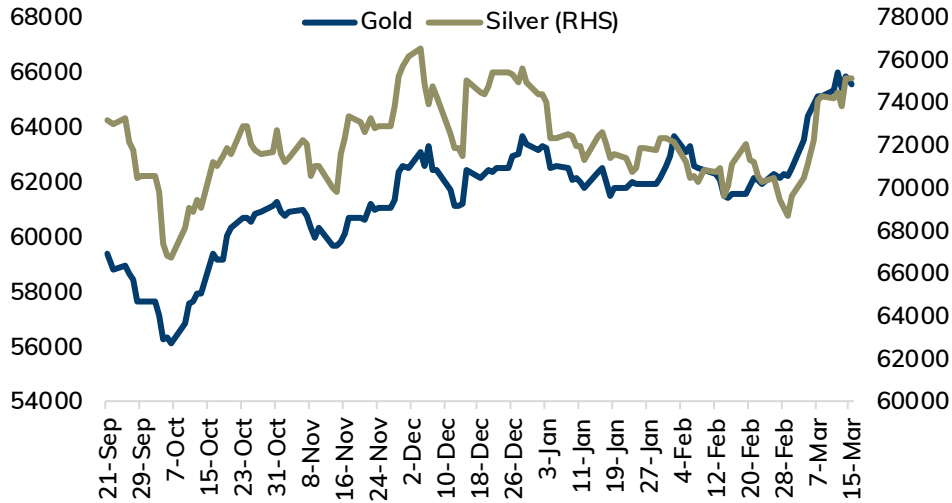
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro lost more than 0.50% yesterday amid strong dollar. Further dovish comments from ECB Governing Council member Stournaras also weighed on the pair. For today, EURUSD is likely to face stiff resistance near 1.09 level and move towards 1.0850 amid strong dollar and weaker economic numbers from Euro zone. Further increasing probability of four rate cuts this year would also check its upside. EURINR March is likely to weaken towards 90.00, as long as it trades under 90.70.
- Pound also traded lower amid strong dollar. The pair is expected to face stiff resistance near 1.2780 and likely to slip towards 1.27 due to strong dollar and rising yields. Increasing probability of delay in rate cuts by the Fed would weigh on the pair. GBPINR March is likely to move south towards 105.500 level as long as it stays below 106.10 levels.

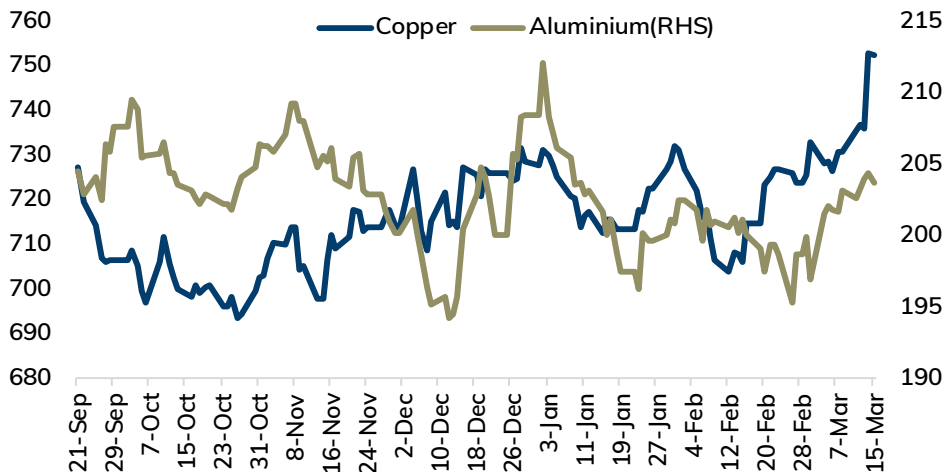
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$2180 levels and slip towards \$2150 levels amid strong dollar and surge in US treasury yields across curve. Dollar recovered as hotter than inflation data from US would add pressure on US Federal Reserve to keep interest rate elevated. Recent batch of economic data from US showed resilience in economy, pushing back expectation of early rate cuts by US Fed. Additionally, investors will keep an eye on new economic figures to get more clues on rate trajectory. Meanwhile, demand for safe haven may increase on mounting tension in Middle East and Russia.
- MCX Gold April prices is likely to slide further towards 65,150 level as long as it stays below 65,850 levels
- MCX Silver May is expected to follow gold and slip further towards 74,400 level as long as it sustains below 75,500 level.

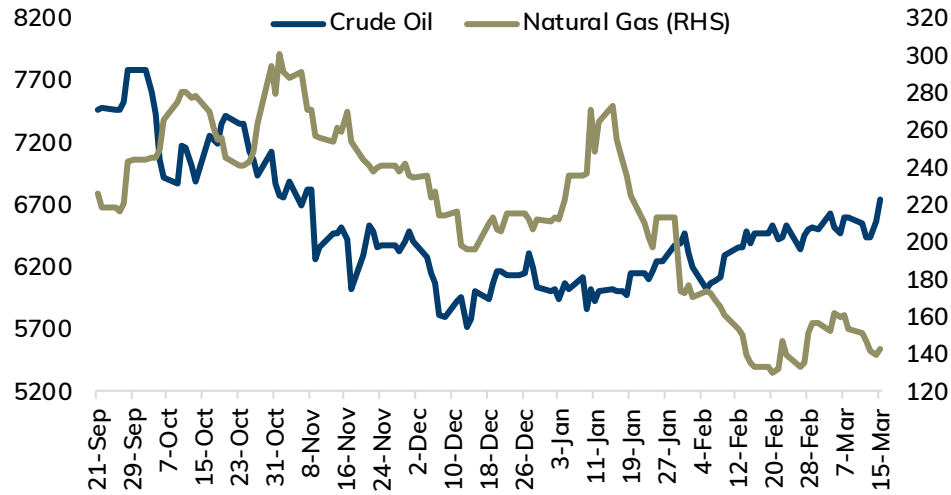
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias and retreat from its 11 month high amid strong dollar and risk aversion in the global markets. Market sentiments are hurt on fear that sticky inflation across major economies may force central banks to keep borrowing cost elevated, hurting economic growth and dent demand for industrial metal. Moreover, investors will remain cautious ahead of Chinese loan data for indications of demand from the top metals consumer
- MCX Copper is expected to move south towards 745 level as long as it stays below 755 level. A move below 745 would open the doors for 740 levels.
- Aluminum is expected to slip further towards 202 level as long as it stays below 205.0 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$82.50 level as both IEA and OPEC stuck to their forecast of a strong oil demand growth. Additionally, 3-2-1 crack spread rose to their highest since mid September, incentivizing more crude processing. Moreover, prices may rally on escalating tension in Russia and Middle East. Ukraine struck Russian oil refineries causing a fire at Rosneft's biggest refinery in one of the most serious attacks against Russia's energy sector. Meanwhile, sharp upside may be capped on strong dollar following hotter than expected inflation data and pessimistic global market sentiments.
- MCX Crude oil is likely to rise towards 6850 levels as long as it trades above 6600 levels.
- MCX Natural gas is expected to hold the support near 135 level and rise towards 150 level.

## Daily Commodity Pivot Levels

| Commodity | S2    | S1    | Pivot | R1    | R2    |
|-----------|-------|-------|-------|-------|-------|
| Gold      | 65215 | 65405 | 65624 | 65814 | 66033 |
| Silver    | 74568 | 74897 | 75269 | 75598 | 75970 |
| Copper    | 745.8 | 749.0 | 751.9 | 755.1 | 758.0 |
| Aluminium | 202.3 | 203.0 | 204.0 | 204.7 | 205.6 |
| Zinc      | 220.0 | 221.6 | 223.8 | 225.3 | 227.5 |
| Lead      | 180.0 | 180.8 | 181.6 | 182.4 | 183.1 |
| Crude Oil | 6534  | 6638  | 6702  | 6806  | 6870  |
| Nat Gas   | 135   | 139   | 142   | 146   | 148   |

## Daily Currency Pivot Levels

| Futures       | S2     | S1     | Pivot  | R1     | R2     |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Mar) | 82.79  | 82.83  | 82.87  | 82.90  | 82.94  |
| US\$INR (Apr) | 82.88  | 82.91  | 82.95  | 82.99  | 83.03  |
| EURINR (Mar)  | 90.56  | 90.61  | 90.66  | 90.71  | 90.77  |
| EURINR (Apr)  | 90.74  | 90.79  | 90.84  | 90.89  | 90.94  |
| GBPINR (Mar)  | 105.85 | 105.99 | 106.08 | 106.22 | 106.32 |
| GBPINR (Apr)  | 105.91 | 106.05 | 106.15 | 106.29 | 106.38 |
| JPYINR (Mar)  | 56.09  | 56.15  | 56.20  | 56.26  | 56.31  |
| JPYINR (Apr)  | 56.50  | 56.55  | 56.59  | 56.64  | 56.68  |

# Key Parameters

## Major Currency Pairs

| Currencies | Close  | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY        | 103.36 | 102.79     | 0.56%    |
| US\$INR    | 82.83  | 82.86      | -0.04%   |
| EURUSD     | 1.0883 | 1.0948     | -0.59%   |
| EURINR     | 90.62  | 90.51      | 0.12%    |
| GBPUSD     | 1.2753 | 1.2797     | -0.34%   |
| GBPINR     | 106.14 | 105.86     | 0.27%    |

## 10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change |
|---------|-------|------------|--------|
| India   | 7.040 | 7.041      | -0.001 |
| US      | 4.290 | 4.190      | 0.1004 |
| Germany | 2.426 | 2.366      | 0.06   |
| UK      | 4.090 | 4.021      | 0.069  |
| Japan   | 0.777 | 0.767      | 0.01   |

## US Crude Stocks Change (Barrels)

| Release Date | Time (IST) | Actual | Forecast |
|--------------|------------|--------|----------|
| 3/13/2024    | 8:00 PM    | -1.5M  | 0.9M     |
| 3/6/2024     | 9:00 PM    | 1.4M   | 2.4M     |
| 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    |

## LME Warehouse Stocks (Tonnes)

| Commodity | Current Stock | Change in Stock | % Change |
|-----------|---------------|-----------------|----------|
| Copper    | 108050        | -875            | -0.80%   |
| Aluminium | 573275        | 350             | 0.06%    |
| Zinc      | 266025        | -1725           | -0.64%   |
| Lead      | 190950        | -925            | -0.48%   |
| Nickel    | 74178         | -366            | -0.49%   |

# Economic Calendar

| Date & Time (IST)         | Country | Data & Events                     | Actual  | Expected | Previous | Impact |
|---------------------------|---------|-----------------------------------|---------|----------|----------|--------|
| Monday, March 11, 2024    |         |                                   |         |          |          |        |
| 10:30 PM                  | UK      | MPC Member Mann Speaks            | -       | -        | -        | Medium |
| Tuesday, March 12, 2024   |         |                                   |         |          |          |        |
| 12:30 PM                  | UK      | Claimant Count Change             | 16.8K   | 20.3K    | 14.1K    | High   |
| 12:30 PM                  | UK      | Average Earnings Index 3m/y       | 5.60%   | 5.70%    | 5.80%    | High   |
| 5:30 PM                   | India   | CPI y/y                           | 5.09%   | 5.02%    | 5.10%    | High   |
| 6:00 PM                   | US      | CPI y/y                           | 3.20%   | 3.10%    | 3.10%    | High   |
| Wednesday, March 13, 2024 |         |                                   |         |          |          |        |
| 12:30 PM                  | UK      | GDP m/m                           | 0.20%   | 0.20%    | -0.10%   | High   |
| 3:30 PM                   | Europe  | Industrial Production m/m         | -0.20%  | -1.40%   | 2.60%    | Medium |
| 8:00 PM                   | US      | Crude Oil Inventories             | (-1.5)M | -        | 1.4M     | Medium |
| Thursday, March 14, 2024  |         |                                   |         |          |          |        |
| 6:00 PM                   | US      | PPI m/m                           | 0.60%   | 0.30%    | 0.30%    | High   |
| 6:00 PM                   | US      | Retail Sales m/m                  | 0.60%   | 0.80%    | -0.80%   | High   |
| 6:00 PM                   | US      | Unemployment Claims               | 209K    | 218K     | 217K     | High   |
| 8:00 PM                   | US      | Natural Gas Storage               | (-9)B   | -        | -40B     | Medium |
| Friday, March 15, 2024    |         |                                   |         |          |          |        |
| 3:30 PM                   | India   | Trade Balance                     | -       | -        | -17.49B  | Medium |
| 6:00 PM                   | US      | Empire State Manufacturing Index  | -       | -7.6     | -2.4     | High   |
| 6:45 PM                   | US      | Industrial Production m/m         | -       | 0.00%    | -0.10%   | Medium |
| 7:30 PM                   | US      | Prelim UoM Consumer Sentiment     | -       | 77.3     | 76.9     | High   |
| 7:30 PM                   | US      | Prelim UoM Inflation Expectations | -       | -        | 3%       | Medium |



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