

May 29, 2024

# Daily Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	July	Sell	72400-72450	71800	72800	Intraday

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## News and Developments

- Spot gold prices edged higher yesterday and gained 0.4% while, silver prices rallied more than 1% amid escalating tensions in Middle East. Meanwhile, sharp upside was capped on strong dollar and surge in US treasury yields
- Dollar index bounced back from 1½ week low yesterday amid rise in US treasury yields, upbeat economic data from US and hawkish comments from Fed official. Data showed that US consumer confidence unexpectedly improved in May after deteriorating for 3 straight months. CB Consumer confidence index increased to 102.0 in May from an upwardly revised 97.5 in April. Additionally, Minneapolis Federal Reserve Bank President Neel Kashkari said that the Fed should wait for significant progress on inflation before cutting interest rates..
- Yield on benchmark US 10-year treasury note rose to 4.55% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.97%.
- As per CME Fedwatch tool, expectations for Fed to cut rate in September slipped to 45.8% from 49.4% a day ago while, prospects of no rate cut rose to 54.2% from 50.6% a day ago
- Crude oil prices settled higher yesterday gaining more than 3% on expectations that OPEC+ will maintain crude supply curbs at its June 2 meeting. Additionally, start of US summer driving season will boost demand for oil. Data from flight analytics company OAG showed, US seat numbers on domestic flights for May rose by 5% m/m and almost 6% y/y
- Copper prices slipped yesterday amid recovery in dollar and as elevated stocks and rising production of the metal in China signaled ample supplies. Meanwhile, sharp fall in prices were cushioned as authorities in China's commercial hub Shanghai eased property purchased restrictions

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	72180	0.24%	2361.31	0.44%
Silver	95448	0.89%	32.10	1.50%
Copper	907.5	0.89%	10501.50	1.72%
Aluminium	246.7	1.84%	2729.50	2.54%
Zinc	276.7	1.06%	3100.00	1.41%
Lead	195.5	1.85%	2343.50	1.98%
WTI Crude Oil	6637	1.37%	79.83	2.71%
US Nat Gas	214.5	1.80%	2.59	2.78%

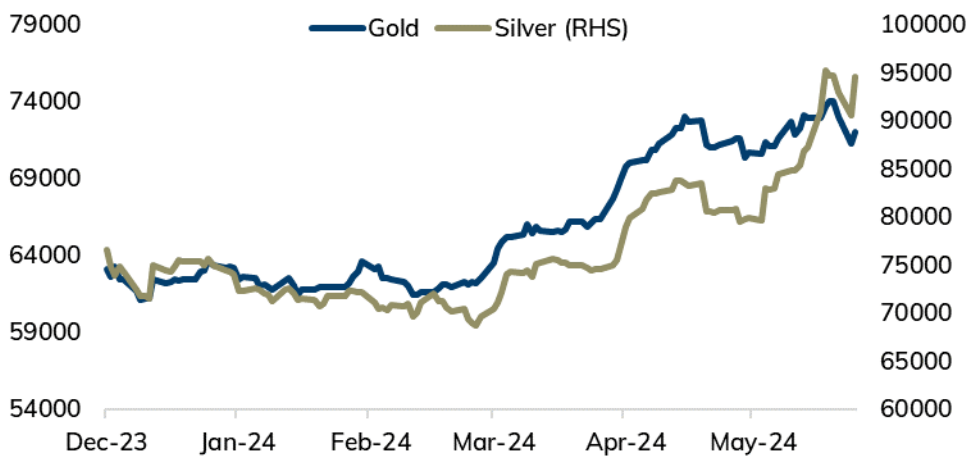
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	83.19	0.06%	2089570	-322640	757213	522050
EURINR (29th May)	90.33	0.11%	19399	-470	2224	-392
GBPINR (29th May)	106.12	0.20%	12838	-956	2190	-1339

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	June	Buy	897.50-898	906	893	Not Initiated

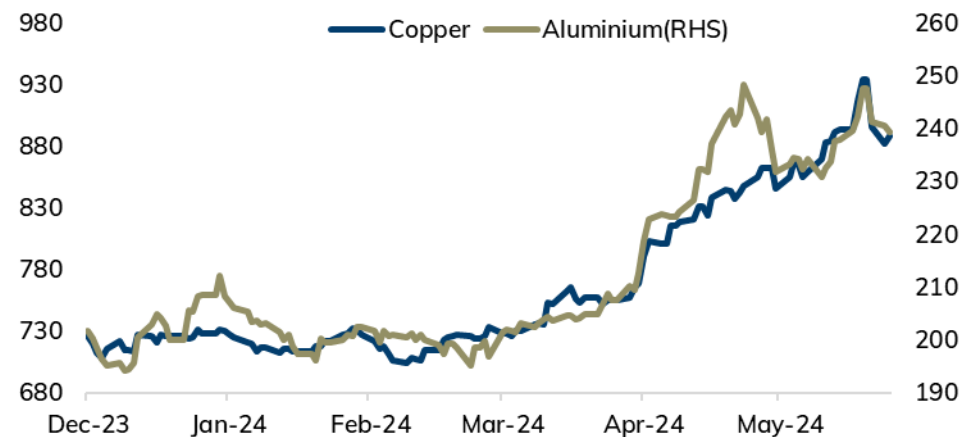
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face resistance near \$2370 level and slip back towards \$2340 level amid strong dollar and surge in US treasury yields. Dollar and Yields are gaining as economic data from US are better than expected so far, reinforcing expectations that US Fed would delay its first rate cut and reduce the number of cuts as well. Meanwhile, demand for safe haven may increase on rising tension in Middle East. Spot gold is likely to face stiff resistance near \$2370 level and slip back towards \$2340 level. A break below \$2340 level prices may slip towards \$2320
- MCX Gold Aug prices is likely to slip back towards 71,800 level as long as it stays below 72,600 level (10-Day EMA). A break below 71,800 level prices may slide further towards 71,500 level.
- MCX Silver July is expected to follow gold and slip back towards 93,000 level as long as it stays below 96,000 level

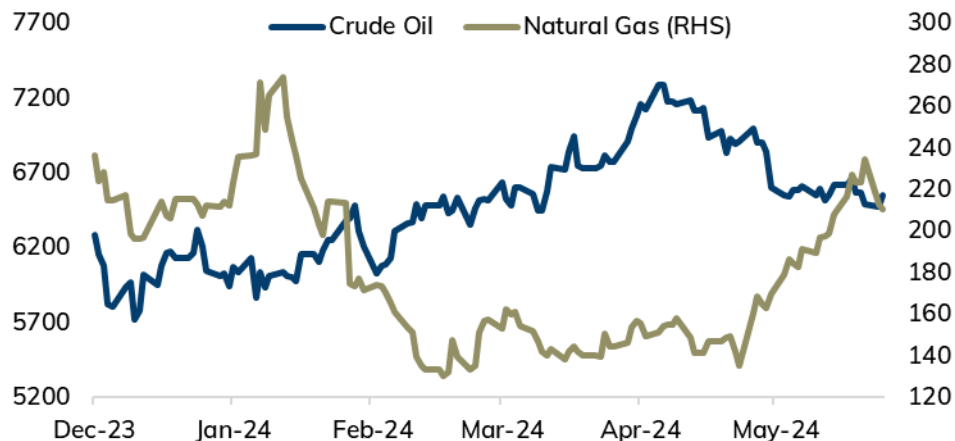
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with the negative bias amid strong dollar and pessimistic global market sentiments. Further, prices may slip as premium in China to import copper into the country remained below zero, indicating weak physical demand. Additionally, stockpiles of copper in warehouses tracked by SHFE continued to be elevated. Moreover, investors will keep an close eye on inflation data from US to get cues on rate trajectory and surveys of purchasing managers in China's manufacturing sector to assess demand prospects
- MCX Copper is expected to slip back towards 898 level (10-Day EMA) as long as it stays below 915 level. A break below 898 level prices may move further south towards 885 level (20-Day EMA)
- Aluminum is expected to move north towards 249 level as long as it stays above 245 level. On contrary, break below 245 level prices may slip towards 241 level (10-Day EMA)

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise towards \$81.0 level on expectations that OPEC+ will extend its voluntary output cut of 2.2mbpd in second half of the year when it meets on June 2<sup>nd</sup>. Additionally, fuel consumption would begin rising with the start of the peak summer demand season. Moreover, investors fear that tension in Middle East may escalate as Israeli tanks advanced to the heart of the Rafah section, adding risk premium on oil prices. Further, market will keep an eye on crude oil inventory data from American Petroleum Institute
- MCX Crude oil June is likely to rise towards 6750 levels as long as it trades above 6550 level
- MCX Natural gas June is expected to rise further towards 242 level as long as it stays above 228 level. A break above 242 level will open doors for 248 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	71493	71836	72106	72449	72719
Silver	92103	93775	94998	96670	97893
Copper	893.4	900.4	906.1	913.1	918.8
Aluminium	242.3	244.5	245.9	248.1	249.5
Zinc	272.9	274.8	276.2	278.1	279.5
Lead	191.3	193.4	194.7	196.8	198.2
Crude Oil	6507	6572	6611	6676	6715
Nat Gas	204	209	213	218	222

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	83.06	83.12	83.16	83.23	83.26
US\$INR (Jun)	83.14	83.20	83.24	83.31	83.35
EURINR (May)	90.09	90.21	90.35	90.47	90.61
EURINR (Jun)	90.07	90.25	90.38	90.56	90.69
GBPINR (May)	105.87	106.00	106.12	106.25	106.37
GBPINR (Jun)	105.81	105.98	106.06	106.23	106.31
JPYINR (May)	52.74	52.87	53.04	53.17	53.34
JPYINR (Jun)	53.39	53.55	53.74	53.90	54.09

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.61	104.60	0.02%
US\$INR	83.18	83.14	0.05%
EURUSD	1.0857	1.0859	-0.02%
EURINR	90.47	90.34	0.14%
GBPUSD	1.2762	1.2769	-0.05%
GBPINR	106.26	106.04	0.21%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	6.996	7.033	-0.01
US	4.550	4.465	0.02
Germany	2.592	2.547	0.02
UK	4.281	4.261	0.05
Japan	1.030	1.025	0.00

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
5/22/2024	8:00 PM	1.8M	-2.4M
5/15/2024	8:00 PM	-2.5M	-0.4M
5/8/2024	8:00 PM	-1.4M	-1.0M
5/1/2024	8:00 PM	7.3M	-2.3M
4/25/2024	8:00 PM	-6.4M	1.6M
4/17/2024	8:00 PM	2.7M	1.6M
4/10/2024	8:00 PM	5.8M	0.9M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	114750	2075	1.84%
Aluminium	1121500	-3200	-0.28%
Zinc	257200	-25	-0.01%
Lead	195225	-3525	-1.77%
Nickel	83730	-258	-0.31%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 27, 2024						
1:30 PM	Europe	German ifo Business Climate	89.30	90.40	89.40	Medium
All Day	US	Bank Holiday	-	-	-	
Tuesday, May 28, 2024						
6:30 PM	US	S&P/CS Composite-20 HPI y/y	7.40%	7.30%	7.30%	Medium
7:30 PM	US	CB Consumer Confidence	102.00	96.10	97.00	Medium
Wednesday, May 29, 2024						
11:30 AM	Europe	German Prelim CPI m/m	-	0.20%	0.50%	High
7:30 PM	US	Richmond Manufacturing Index	-	-2.00	-7.00	Medium
11:30 PM	US	Beige Book		-	-	Medium
Thursday, May 30, 2024						
2:30 PM	Europe	Unemployment Rate	-	6.50%	6.50%	Medium
6:00 PM	US	Prelim GDP q/q	-	1.30%	1.60%	High
6:00 PM	US	Prelim GDP Price Index q/q	-	3.10%	3.10%	Medium
6:00 PM	US	Goods Trade Balance	-	(-91.8)B	(-91.8)B	Medium
7:30 PM	US	Pending Home Sales m/m	-	0.10%	3.40%	High
8:00 PM	US	Natural Gas Storage	-	-	78B	Medium
8:30 PM	US	Crude Oil Inventories	-	(-2.0)M	1.8M	Medium
Friday, May 31, 2024						
7:00 AM	China	Manufacturing PMI	-	50.40	50.40	High
7:00 AM	China	Non-Manufacturing PMI	-	51.50	51.20	Medium
11:30 AM	Europe	German Retail Sales m/m	-	-0.2%	1.8%	Medium
2:30 PM	Europe	CPI Flash Estimate y/y	-	2.50%	2.40%	Medium
5:30 PM	India	GDP Growth Rate	-	6.7%	8.4%	High
6:00 PM	US	Core PCE Price Index m/m	-	0.20%	0.30%	High
7:15 PM	US	Chicago PMI	-	40.8	37.9	Medium



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