

March 1, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	April	Buy	62440-62450	62900	62200	Intraday
USDINR	March	Sell	82.97-82.98	82.82	83.07	Intraday

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News and Developments

- Spot gold prices moved higher yesterday after the most awaited US PCE price index decelerated in January keeping the rate cut hopes alive. Last months headline price index was up 2.4% from previous reading of 2.6% and the core PCE price index up by 2.8% against 2.9% in December. Meanwhile, hawkish comments from the Fed officials checked its upside.
- The US dollar index rebounded towards the later part of the day amid hawkish Fed member's speech. The hawkish comments from San Francisco Fed President Daly and Atlanta Fed President Bostic pushed back the chances of Fed rate cuts until later this year. Earlier the dollar traded lower amid weaker economic numbers and slowest pace of rise in Jan core PCE index.
- US 10-year treasury yields dipped to 4.25% and the 2-year treasury yield, which typically moves in step with interest rate slide towards 4.64%.
- Crude oil prices remained steady as investors awaited the OPEC's decision on the extension of its current supply agreements. Meanwhile, stronger dollar and weaker economic numbers checked its upside. On the other hand persistence tension in the Mideast and attacks in the Red Sea supported the NYMEX crude to hold above the \$78 mark.
- Copper prices pared its earlier gains amid strong dollar and sluggish growth in the Chinese property sector. Meanwhile, hopes of fresh round of stimulus from China ahead of the next week's annual parliamentary meeting limited its downside.
- NYMEX natural gas prices pared its losses and moved towards \$1.85/MMBtu after the EIA reported a bigger than expected storage draw. US utilities pulled 96 (bcf) of gas out of storage last week, more than market expectations of a 88 bcf draw

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62567	0.51%	2044.30	0.48%
Silver	69665	1.40%	22.68	0.97%
Copper	733.1	1.03%	8493.50	0.53%
Aluminium	196.9	-1.48%	2228.00	1.71%
Zinc	216.5	1.60%	2426.00	0.48%
Lead	177.2	0.00%	2059.00	-1.15%
WTI Crude Oil	6513	-0.11%	78.26	-0.36%
US Nat Gas	157.1	0.26%	1.86	-1.33%

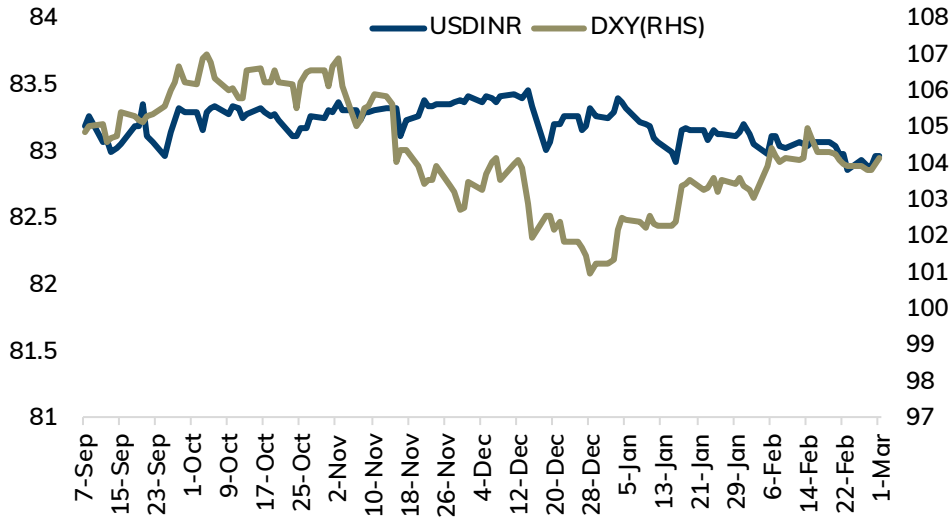
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	82.97	0.00%	2327889	158469	1606895	130012
EURINR (26th Mar)	90.02	0.19%	108545	1691	135979	-24143
GBPINR (26th Mar)	105.08	0.10%	197859	-1661	173845	-123633

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	March	Buy	6460-6450	6580	6380	Not Initiated
EURINR	March	Buy	89.80-89.82	90.20	89.60	Not Initiated

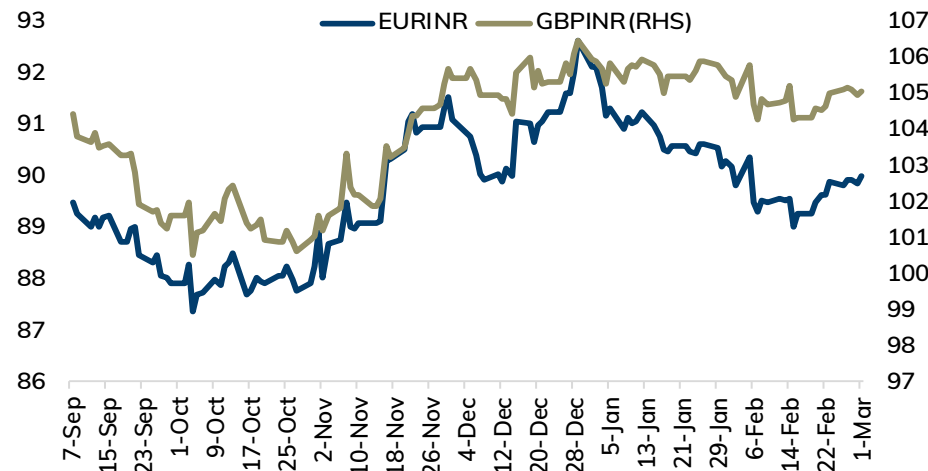
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended little changed yesterday amid dollar demand from importers. Moreover, investors remained cautious ahead of India's GDP data for the October-December quarter and the US personal consumption expenditures price index.
- Rupee is likely to appreciate today buoyed by softness in dollar and decline in US treasury yields. Yields slipped after data showed price gain in US were smallest in nearly 3 years, boosting market expectations that the Federal Reserve will start cutting interest rates in June. Additionally, upbeat economic data from India will support domestic pair. India's GDP registered robust growth of 8.4% in Q3FY24. Moreover, rise in risk appetite in the domestic market and FII inflows would aid rupee to gain further strength. USDINR March likely to slip towards 82.80 levels as long as it sustains below 83.07 levels

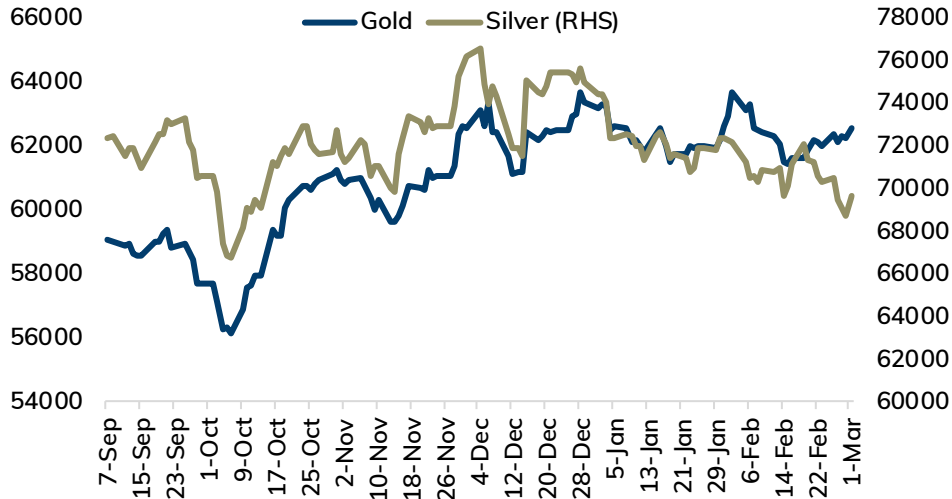
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower by 0.30% yesterday. Euro erased early gains and moved south amid recovery in dollar, unexpected decline in German Retail sales and ease in German CPI. For today, EURUSD is likely to hold the support near 1.0780 level and rise towards 1.0850 level amid expectation of correction in dollar and hawkish comments from ECB officials. Meanwhile, investors will remain cautious ahead of consumer price data from euro zone. Headline inflation is forecasted to ease to 2.5% YoY in February from 2.8% in January. EURINR March may rise towards 90.20 level as long as it trades above 89.60 levels
- Pound is expected to rise further towards 1.2670 level amid expectation of correction in dollar. Meanwhile, markets will remain cautious ahead of BOE officials comments to get fresh cues on rate trajectory and budget scheduled next week. GBPINR March is likely to move north towards 105.20 level as long as it stays above 104.70 levels

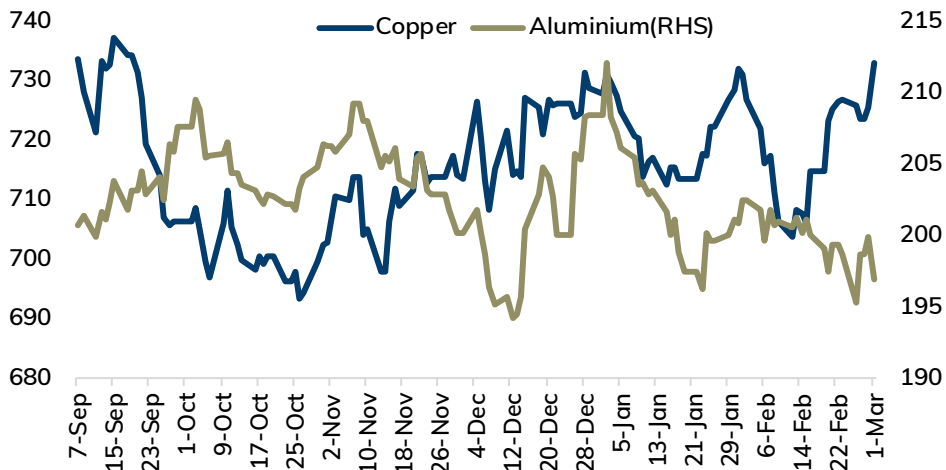
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to hold the support of \$2030 and rise towards \$2060, amid softness in the dollar. The dollar could trim its gains on expectation of contraction in the manufacturing PMI numbers. Further moderation in PCE price index, would keep the hopes of rate cut in June alive. Moreover, escalating tension in the Mideast and Ukraine would bring safe haven buying in to the bullions. The CME Fed-Watch tool indicates more than 52% probability of 25 bps rate cut in June. Meanwhile, comments from the Fed members would also be eyed.
- MCX Gold April price is expected to hold the support near 62100 and extend its rally towards 62900.
- MCX Silver May is likely to rise towards 72100, as long as it holds above the key support of 70,200.

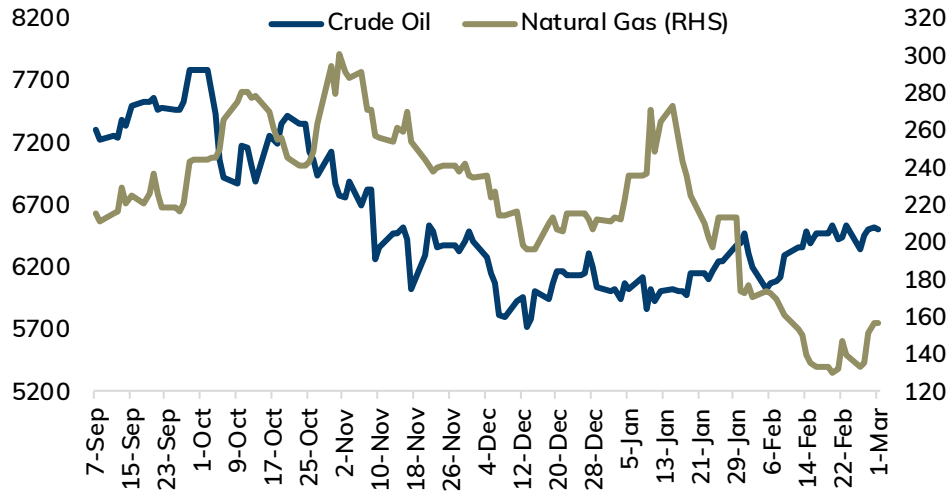
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain in a tight range ahead of the next weeks annual parliamentary meeting from China. Meanwhile, contraction in the manufacturing activity in US and Europe would limit its upside. Whereas, expectation of fresh round of stimulus from the top metal consumer China and depleting LME inventories could provide some support to the red metal.
- MCX Copper March is expected to move in the band of 723 and 730. Only close below 723 it would turn weaker towards 719.
- Aluminum March future is expected to trade in the band of 198-202. Only a move above 202 would open the doors towards 204.50.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$79.50 and dip towards the \$77 mark on expectation of weaker economic numbers from US. Further, sluggish growth in China and higher interest rate outlook by the Fed could hurt prices. On the other hand, expectation of further extension to the current supply agreement by OPEC+ in its next meeting would limit the downside in oil prices.
- MCX Crude oil March is expected to face the hurdle near 6600 and move lower towards 6450. Below 6450, 6350 holds key support.
- MCX Natural gas March futures is expected to hold the support near 150 and move higher towards 162. Only below 150 it would turn weaker.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61888	62227	62458	62797	63028
Silver	68584	69124	69484	70024	70384
Copper	727.8	730.4	732.7	735.3	737.6
Aluminium	196.9	196.9	196.9	196.9	196.9
Zinc	215.7	216.1	216.4	216.8	217.2
Lead	177.2	177.2	177.2	177.2	177.2
Crude Oil	6420	6466	6518	6564	6616
Nat Gas	150	153	157	160	164

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.90	82.93	82.97	83.00	83.04
US\$INR (Apr)	83.04	83.07	83.09	83.12	83.15
EURINR (Mar)	89.82	89.92	90.02	90.12	90.22
EURINR (Apr)	90.03	90.13	90.23	90.33	90.43
GBPINR (Mar)	104.95	105.01	105.09	105.16	105.24
GBPINR (Apr)	105.07	105.12	105.20	105.26	105.34
JPYINR (Mar)	55.48	55.54	55.64	55.70	55.81
JPYINR (Apr)	55.88	55.95	56.05	56.11	56.21

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.16	103.98	0.17%
US\$INR	82.91	82.93	-0.02%
EURUSD	1.0805	1.0838	-0.30%
EURINR	89.98	89.56	0.47%
GBPUSD	1.2625	1.2662	-0.29%
GBPINR	105.02	104.71	0.30%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.078	7.066	0.012
US	4.250	4.264	-0.0137
Germany	2.411	2.459	-0.048
UK	4.124	4.185	-0.061
Japan	0.709	0.700	0.009

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	122675	-2150	-1.72%
Aluminium	589650	-2025	-0.34%
Zinc	276100	8050	3.00%
Lead	181225	11350	6.68%
Nickel	72630	3300	4.76%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 26, 2024						
8:30 PM	US	New Home Sales	661K	680K	664K	Medium
Tuesday, February 27, 2024						
12:30 PM	Europe	German GfK Consumer Climate	-29	-29	-29.7	Medium
7:00 PM	US	Durable Goods Orders m/m	-6.10%	-4.70%	0.00%	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	6.10%	6%	5.40%	Medium
8:30 PM	US	CB Consumer Confidence	106.7	114.8	114.8	High
8:30 PM	US	Richmond Manufacturing Index	-5	-4	-15	Medium
Wednesday, February 28, 2024						
7:00 PM	US	Prelim GDP q/q	3.20%	3.30%	3.30%	High
7:00 PM	US	Prelim GDP Price Index q/q	1.60%	1.50%	1.50%	High
9:00 PM	US	Crude Oil Inventories	4.2M	3.1M	3.5M	Medium
Thursday, February 29, 2024						
12:30 PM	Europe	German Retail Sales m/m	-0.40%	0.50%	-1.60%	Medium
All Day	Europe	German Prelim CPI m/m	0.40%	0.50%	0.20%	High
1:30 PM	Europe	Spanish Flash CPI y/y	2.80%	2.80%	3.40%	Medium
5:30 PM	India	GDP Annual Estimate YoY	7.60%	6.90%	7.30%	High
5:30 PM	India	GDP YoY	8.40%	6.50%	7.60%	High
7:00 PM	US	Core PCE Price Index m/m	0.40%	0.40%	0.20%	High
7:00 PM	US	Unemployment Claims	215K	209K	201K	High
7:00 PM	US	Personal Spending m/m	0.20%	0.20%	0.70%	Medium
8:15 PM	US	Chicago PMI	44	47.9	46	Medium
8:30 PM	US	Pending Home Sales m/m	-4.90%	1.50%	5.70%	Medium
9:00 PM	US	Natural Gas Storage	-96B	-	-60B	Medium
Friday, March 01, 2024						
7:00 AM	China	Manufacturing PMI	49.1	49.1	49.2	High
7:00 AM	China	Non-Manufacturing PMI	51.4	50.8	50.7	High
7:15 AM	China	Caixin Manufacturing PMI	50.9	50.7	50.8	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	2.50%	2.80%	Medium
8:30 PM	US	ISM Manufacturing PMI	-	49.5	49.1	High
8:30 PM	US	Revised UoM Consumer Sentiment	-	79.6	79.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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