

March 21, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	March	Buy	753.50-754	761	750	Intraday
USDINR	March	Sell	83.15-83.16	83.00	83.21	Intraday

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## News and Developments

- Spot gold prices ended on the positive note gaining more than 1.0% yesterday amid weak dollar and decline in US treasury yields after US Federal Reserve indicated that they might reduce interest rates by three quarters of a percentage point by end-2024
- Dollar index slipped by 0.43% yesterday after US Federal Reserve held its benchmark interest rates steady as widely anticipated and pushed backed market expectations of only 2 rate cuts this year. Policymakers signaled once again three US rate cuts this year even as inflation remains elevated
- US Federal Reserve held steady its benchmark federal funds rate in a range between 5.25% and 5.5%, a 23-year high.
- The Fed's updated quarterly economic projections showed the personal consumption expenditures price index excluding food and energy rising at a 2.6% rate by year-end, compared to 2.4% in the projections the US central bank issued in December. Further, policymakers see growth at 2.1% this year compared to 1.4% projected in December, while the unemployment rate is seen ending 2024 at 4%, v/s 4.1% anticipated late last year
- U.S. Treasury yields slipped after Federal Reserve signaled cutting rates 3 times this year. Yield on benchmark US 10-year treasury note slipped to 4.277% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.604%.
- Crude oil prices ended on negative amid demand concerns. Meanwhile, sharp downside was cushioned as weekly US crude stockpiles fell more than expected. As per EIA crude oil inventories fell by 1.95M barrels for the week ending 8<sup>th</sup> March. Gasoline inventories decline by 3.3M barrels compared with expectations for a draw of 1.35M barrels
- Copper prices moved higher on soft dollar and rise in risk appetite in the global markets. Meanwhile, sharp upside was capped on worries about demand in top metals consumer China

Source: Bloomberg, Reuters, ICICI Direct Research

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	65750	0.25%	2186.39	1.33%
Silver	75313	0.03%	25.58	2.68%
Copper	753.6	-0.37%	8928.00	-0.54%
Aluminium	204.1	0.10%	2273.00	0.18%
Zinc	218.7	0.34%	2508.50	0.12%
Lead	177.6	-0.48%	2064.00	-1.39%
WTI Crude Oil	6748	-2.82%	81.68	-2.14%
US Nat Gas	141.9	-1.87%	1.70	-2.58%

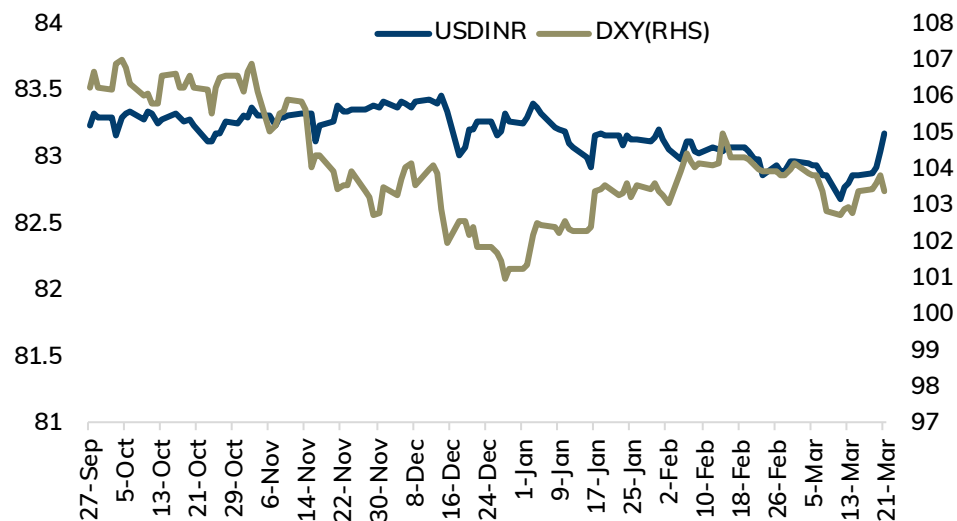
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	83.17	0.16%	2900796	150	2200543	702787
EURINR (26th Mar)	90.19	0.11%	88938	-4465	95447	-18438
GBPINR (26th Mar)	105.57	0.23%	166018	6605	136088	-16960

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	April	Buy	151-152	160	147	Not Initiated
GBPINR	March	Buy	05.34-105.35	105.70	105.20	Not Initiated

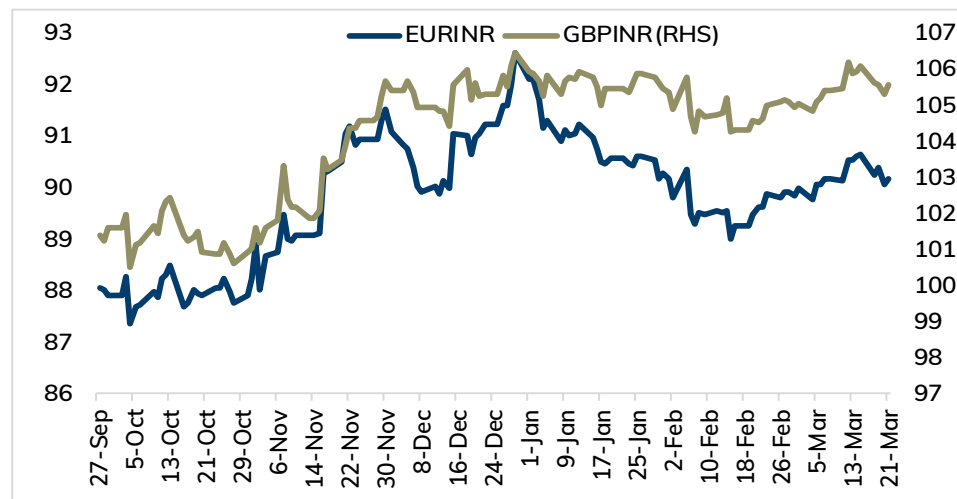
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee depreciated to its lowest level in last two months on Wednesday amid weakness in Asian currencies and dollar demand from importers. Rupee settled at 83.15 against its previous close at 83.03.
- Rupee is expected to appreciate back towards the 83.00 mark amid weakness in the US dollar after the US Federal Reserve maintains 75 bps of rate cut this year. After the Fed policy the probability of rate cut in June has jumped to 73%. Further, improved risk appetite and correction in the US dollar on forecast of mixed economic numbers from US would also weigh on the dollar and support the rupee. USDINR March likely to move back towards 83.00, as long as it trades under 83.20. Only a move below 83.00 it would test the next support at 82.90.

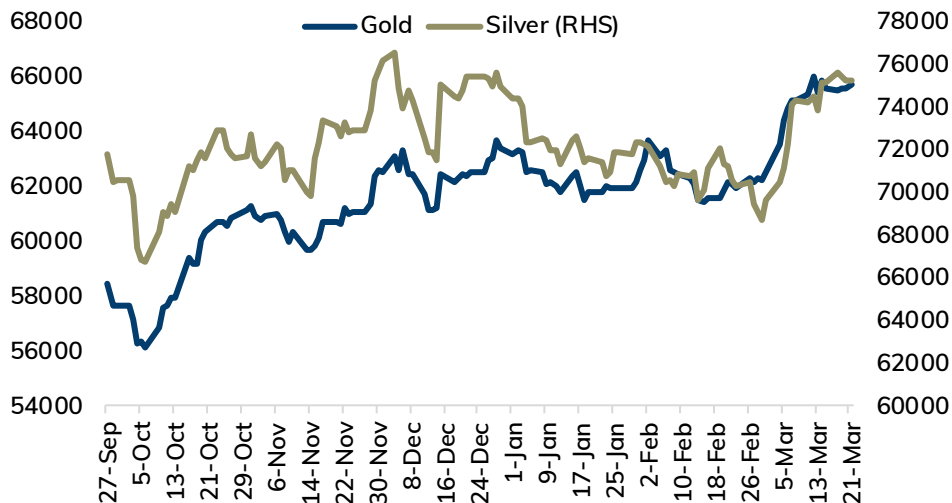
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro recovered from its 2-week low and posted moderate gains after the FOMC meeting. Euro also found support after the ECB president signaled they are not in hurry to cut the rates in June. For today, EURUSD is likely to rise towards 1.0960, as long as it holds above the 1.090 mark. Meanwhile, expectation of contractional the manufacturing activity in the region could cap its upside. EURINR March is likely to find support near 90.60 and move towards 91.25. Only close below 90.60 it would turn weaker.
- Pound also gained more than 0.50% yesterday amid correction in the dollar. Further, sticky inflation numbers in the region also increased the bets that the BOE will hold the rates higher. The pair is expected to find support near 1.278 and move towards 1.2850 on expectation of no change in the monetary policy from the BOE. GBPINR March is likely to move towards 106.50, as long as it holds above 105.80. Only a move below 105.80 it would slip towards 105.50 level.

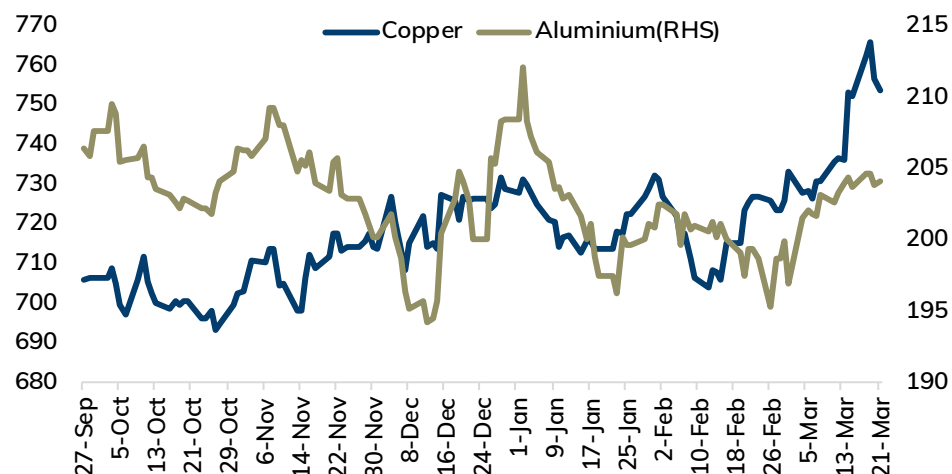
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to hold the support near \$2185 levels and rise towards \$2230 levels surging to record highs amid weakness in US treasury yields and softening of dollar. US yields and Dollar are moving south as US Federal Reserve left its interest rates unchanged as widely expected and stuck to 75bps rate cut forecast this year. Further, Fed Chair Jerome Powell said recent high inflation readings had not changed the underlying "story" of slowly easing price pressures in the US. As per CME FedWatch tool traders are now pricing in a 73% probability that Fed will begin cutting rates in June, up from 55.6% as day ago. Moreover, PMI data is likely to show that activity in manufacturing sector continued to contract across major economies
- MCX Gold April prices is likely to rise further towards 66,500 level as long as it stays above 65,650 levels
- MCX Silver May is expected is expected to follow gold and rise further towards 76,500 level as long as it sustains above 75,000 level.

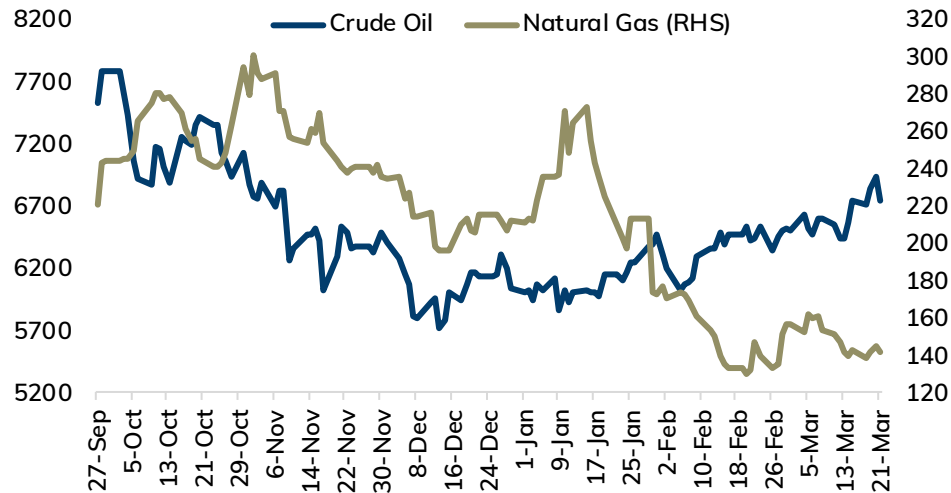
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with the positive bias buoyed by weakness in dollar and optimistic global market sentiments. Further, Federal Reserve kept interest rates in the 5.25% to 5.50% range and indicated that they still expect to reduce them by three-quarters of a percentage point by the end of 2024. Investors hope that other major central banks will follow Fed and indicate cutting of interest rates in coming months, supportive for economic growth and boost demand for industrial metal. Meanwhile, sharp upside may be capped as investors are still worried about China's troubled and debt-laden property sector
- MCX Copper is expected to move north towards 765 level as long as it stays above 750 level. A move above 765 would open the doors for 770 levels.
- Aluminum is expected to rise further towards 205.50 level as long as it stays above 203.50 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise back towards \$83 levels amid rise in risk appetite in the global markets, signs of stronger demand and weakness in dollar. Furthermore, prices may rally on worries over tighter global supplies, after some members of the OPEC signaled they will reduce production in the coming months and Ukrainian strikes on key Russian fuel refineries shut down production capacity. Moreover, data from API and EIA showed US crude oil stocks fell unexpectedly and gasoline inventories continued to plunge. Moreover, US Federal Reserve said it still anticipates cutting interest rates three times this year
- MCX Crude oil April is likely to rise towards 6900 levels as long as it trades above 6730 levels.
- MCX Natural gas April is expected to slid further towards 147 levels as long as it stays below 158 levels on forecasts for less demand over the next two weeks than previously expected.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	65399	65575	65715	65891	66031
Silver	74642	74977	75240	75575	75838
Copper	747.0	750.3	754.1	757.4	761.2
Aluminium	203.0	203.5	204.0	204.5	205.0
Zinc	216.9	217.8	218.6	219.5	220.4
Lead	176.5	177.0	177.8	178.4	179.2
Crude Oil	6643	6695	6784	6836	6925
Nat Gas	138	140	143	145	148

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.94	83.06	83.12	83.23	83.30
US\$INR (Apr)	82.97	83.11	83.22	83.36	83.47
EURINR (Mar)	90.04	90.11	90.22	90.30	90.41
EURINR (Apr)	90.21	90.29	90.39	90.47	90.57
GBPINR (Mar)	105.38	105.47	105.60	105.69	105.82
GBPINR (Apr)	105.36	105.50	105.64	105.78	105.93
JPYINR (Mar)	54.80	54.87	54.95	55.02	55.10
JPYINR (Apr)	55.21	55.27	55.33	55.39	55.45

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.39	103.82	-0.41%
US\$INR	83.17	83.04	0.16%
EURUSD	1.0922	1.0866	0.52%
EURINR	90.15	89.99	0.18%
GBPUSD	1.2785	1.2722	0.50%
GBPINR	105.56	105.23	0.32%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.091	7.099	-0.008
US	4.273	4.293	-0.0197
Germany	2.432	2.450	-0.018
UK	4.016	4.057	-0.041
Japan	0.741	0.741	0

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/20/2024	8:00 PM	-2.0M.	-0.9M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	112325	5625	5.27%
Aluminium	566325	-100	-0.02%
Zinc	270525	3325	1.24%
Lead	267075	67300	33.69%
Nickel	77754	102	0.13%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 18, 2024						
7:30 AM	China	Industrial Production y/y	7.00%	-	6.80%	High
3:30 PM	Europe	Final CPI y/y	2.60%	-	2.60%	Medium
Tuesday, March 19, 2024						
Tentative	Japan	BOJ Policy Rate	0.10%	-0.10%	-0.10%	High
3:30 PM	Europe	German ZEW Economic Sentiment	31.70	20.60	19.90	Medium
6:00 PM	US	Building Permits	1.52M	1.5M	1.47M	Medium
Wednesday, March 20, 2024						
6:45 AM	China	5-y Loan Prime Rate	3.95%	3.95%	3.95%	High
3:30 PM	UK	CPI y/y	3.40%	3.50%	4.00%	High
8:00 PM	US	Crude Oil Inventories	(-2.0)M	(-0.9)M	(-1.5)M	Medium
11:30 PM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections	-	-	-	
Thursday, March 21, 2024						
2:30 PM	Europe	Flash Manufacturing PMI	-	-	46.5	High
2:30 PM	Europe	Flash Services PMI	-	-	50.2	High
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:00 PM	US	Unemployment Claims	-	-	209K	High
7:15 PM	US	Flash Manufacturing PMI	-	-	52.2	High
7:15 PM	US	Flash Services PMI	-	-	52.3	High
8:00 PM	US	Natural Gas Storage	-	-	-40B	Medium
Friday, March 22, 2024						
12:30 PM	UK	Retail Sales m/m	-	-	3.4%	High
2:30 PM	Europe	German ifo Business Climate	-	-	85.5	Medium



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