

May 27, 2024

Daily Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	June	Buy	6440-6450	6600	6350	Intraday

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News and Developments

- Spot gold prices edged higher on Friday amid weakness in dollar and long term US treasury yields, but ended for worst week in 5 and ½ months. Additionally, prices saw some gains after data showed University of Michigan US 1-year inflation expectations were revised down to 3.3% from the previously reported 3.5%.
- Dollar index slipped on Friday amid profit booking. Meanwhile, sharp downside was cushioned as strong US economic data prompted markets to dial back expectations for interest rate cuts. Data showed new orders for key US manufactured capital goods rebounded more than expected in April and University of Michigan May consumer sentiment were better than expected
- As per CME Fedwatch tool, expectations for Fed to cut rate in September slip to 49.4% while, prospects of no rate cut rose to 50.6%
- US Treasury yields were mixed on Friday, as short term ended marginally higher, after data suggested US economy is far from slowing down, prompting investors to dial back rate cut expectations. Yield on benchmark US 10-year treasury note slip to 4.46% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.94%.
- Crude oil prices settled higher on Friday amid weakness in dollar and on expectations that demand would pick up in the coming weeks with the travel heavy summer season. Additionally, money managers raised their net long positions in the week to may 21st. Meanwhile, on the supply side, the oil rig count, was unchanged at 497 this week, as per Baker Hughes
- Copper prices slipped for 4th consecutive day amid profit taking and soft physical demand in China
- Natural gas prices tumbled on Friday amid forecasts for cooler US temperatures

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	71256	-0.45%	2333.83	0.20%
Silver	90548	0.12%	30.26	0.43%
Copper	883.1	-0.80%	10324.00	-0.90%
Aluminium	240.8	0.40%	2662.00	1.54%
Zinc	274.2	0.86%	3057.00	-0.18%
Lead	188.9	-1.20%	2298.00	-0.35%
WTI Crude Oil	6471	1.16%	77.72	1.11%
US Nat Gas	213.0	-4.70%	2.52	-5.16%

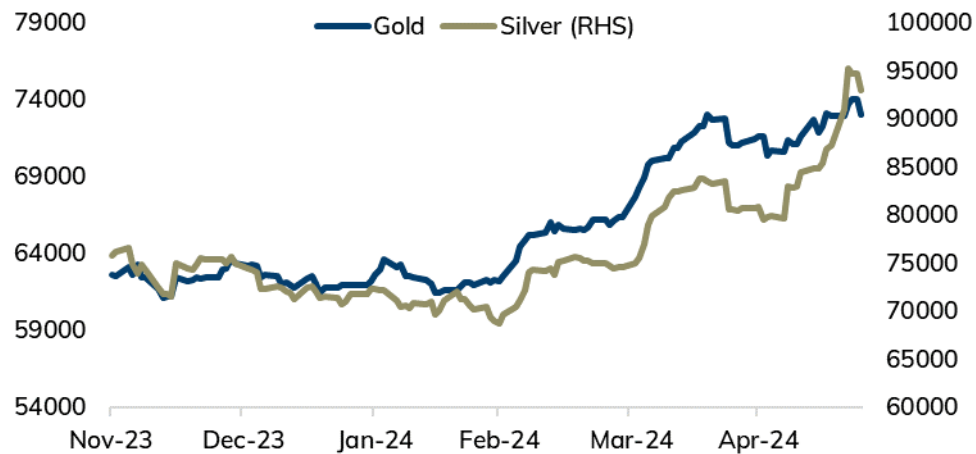
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	83.15	-0.19%	2446293	-72627	313378	61509
EURINR (29th May)	90.08	-0.17%	21312	-4850	6182	948
GBPINR (29th May)	105.67	-0.22%	14072	-945	8638	2431

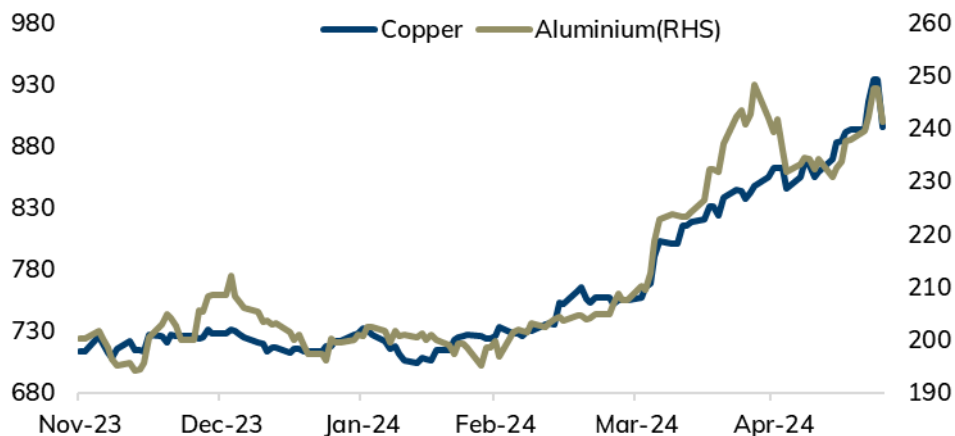
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	June	Sell	71900-71950	71300	72300	Not Initiated

MCX Gold vs. Silver



MCX Copper vs. Aluminium



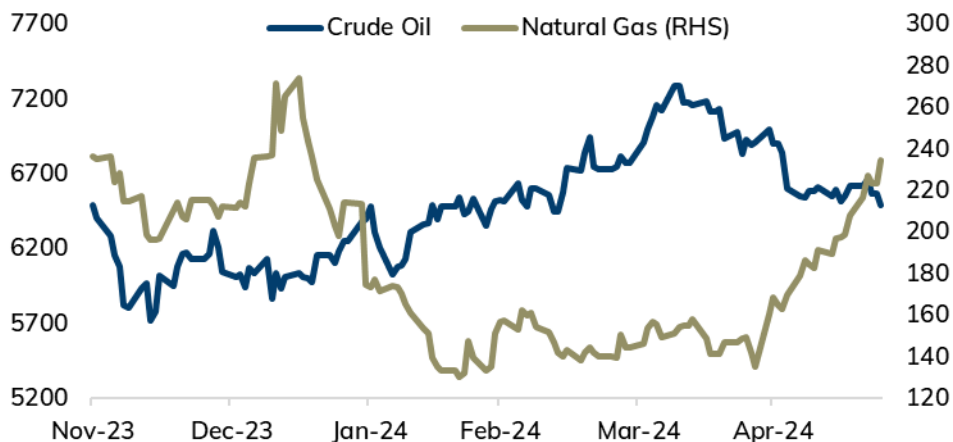
Bullion Outlook

- Spot gold is likely to find support near \$2320 levels and rise back towards \$2355 level amid weakness in dollar and softening of US treasury yields. Speculators boosted their net-long positions in Comex futures by 23087 contracts in the week to 21st May, signaling investors remains bullish. Meanwhile, better than expected economic data from US tamed hopes of early interest rate cut by US Fed. Public holiday in the US expected to keep trading relatively thin. Spot gold is likely to hold the support near \$2320 level and rise back towards \$2355 level (20-Day EMA). On Contrary, break below \$2320 level prices may slip towards \$2300 (50-Day EMA)
- MCX Gold June prices is likely to rise back towards 71,800 level as long as it stays above 70,800 level. A break above 71,800 level prices may rise further towards 72,200 level (20-Day EMA).
- MCX Silver July is expected to follow gold and rise towards 92,000 level as long as it stays above 89,900 level (10-Day EMA)

Base Metal Outlook

- Copper prices are expected to continue with its negative bias amid risk aversion in the global markets and signs of soft demand in China. Furthermore, better than expected economic data from major countries led to the speculation that interest rates would remain higher for longer. Investors fear that higher borrowing cost for longer duration would hurt economic growth and dampen industrial metal demand. Physical demand in China, has been dampened by the high prices
- MCX Copper is expected to slip further towards 875 level as long as it stays below 886 level. A break below 875 level prices may move further south towards 870 level
- Aluminum is expected to move north towards 245 level as long as it stays above 239.50 level (10-Day EMA). On contrary, break below 239.50 level prices may slip towards 237 level (20-Day EMA)

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise towards \$79 level amid weakness in dollar. Further, market awaits OPEC+ meeting scheduled on June 2 as producers are expected to discuss whether to extend voluntary output cuts of 2.2mbpd into the second half of the year. Additionally, prices may move up on expectation that demand is set to pick up with the travel-heavy summer season. Meanwhile, trading volumes expected to be limited amid market holidays in the US and UK. NYMEX crude oil may rise further towards \$79 level as long as it stays above \$76.50 level.
- MCX Crude oil June is likely to rise towards 6600 levels as long as it trades above 6350 level
- MCX Natural gas June is expected to slip further towards 230 level as long as it stays below 240 level. A break below 230 level will open doors for 224 level

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	70910	71083	71384	71557	71858
Silver	89704	90126	90788	91210	91872
Copper	872.3	877.7	887.6	893.0	902.9
Aluminium	235.9	238.4	241.1	243.5	246.2
Zinc	268.0	271.1	273.3	276.4	278.5
Lead	187.0	187.9	189.6	190.6	192.3
Crude Oil	6297	6384	6432	6519	6567
Nat Gas	202	208	216	222	231

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	82.94	83.04	83.15	83.25	83.36
US\$INR (Jun)	83.00	83.10	83.22	83.32	83.44
EURINR (May)	89.71	89.89	90.03	90.22	90.36
EURINR (Jun)	89.79	89.94	90.15	90.31	90.52
GBPINR (May)	105.29	105.48	105.65	105.84	106.00
GBPINR (Jun)	105.41	105.53	105.67	105.78	105.93
JPYINR (May)	52.97	53.09	53.22	53.34	53.47
JPYINR (Jun)	53.57	53.69	53.87	53.99	54.16

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.72	104.93	-0.20%
US\$INR	83.10	83.28	-0.22%
EURUSD	1.0847	1.0823	0.22%
EURINR	89.99	90.32	-0.37%
GBPUSD	1.2737	1.2717	0.16%
GBPINR	105.61	106.00	-0.36%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.046	7.037	0.00
US	4.465	4.422	0.01
Germany	2.583	2.534	0.02
UK	4.261	4.232	0.01
Japan	1.005	1.009	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	112675	2650	2.41%
Aluminium	1124700	-3075	-0.27%
Zinc	257225	-400	-0.16%
Lead	198750	-3425	-1.69%
Nickel	83988	-54	-0.06%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 27, 2024						
1:30 PM	Europe	German ifo Business Climate	-	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	-	7.30%	7.30%	Medium
7:30 PM	US	CB Consumer Confidence	-	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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