

January 8, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	January	Buy	6040-6050	6240	5940	Intraday
EURINR	January	Buy	91.00-91.02	91.40	90.80	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadam

saif.mukadam@icicisecurities.com

Anup Sahu

anup.sahu@icicisecurities.com

News and Developments

- Gold prices pared its earlier losses and rose towards \$2045 mark amid weaker dollar and lower treasury yields. Dollar index pared its earlier gains as weaker than expected ISM service PMI numbers forced the investors to reassess the first interest rate cuts despite a better than expected US job data.
- The ISM services PMI fell to 50.6 in December, from previous reading of 52.7. On the other hand US non-farm payroll numbers jumped to 216k against November reading of 173k suggesting strong labor market. Unemployment rate also held steady at 3.7% and wage growth numbers rose by 0.4% in December. More importantly, the ISM's measure of services sector employment plunged to 43.3 last month against the November reading of 50.7.
- The US 10 year treasury yields remained steady near 4% mark, whereas the 2 year yields dipped to 4.38%.
- NYMEX crude oil prices moved higher on Friday on persisting worries in the Middle East and disruption in global supply. The closure of Libyan oil field amid protest also supported the rise in oil price. Further, better than expected US job numbers also increased the hopes of better demand in coming day
- Copper prices ended the day on a losing side amid worries over China's economic health and sluggish growth in the housing market. Meanwhile, depleting stocks in SHFE and hopes of more measures from the Chinese officials has limited the downside in the metal prices.
- NYMEX natural gas recouped its earlier losses and ended the day on a positive note amid forecasts for colder weather and higher heating demand.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62557	-0.13%	2045.45	0.09%
Silver	72587	0.35%	23.19	0.79%
Copper	720.7	-0.59%	8463.00	-0.04%
Aluminium	205.5	-0.32%	2273.50	-0.33%
Zinc	225.5	-0.11%	2562.50	0.97%
Lead	182.8	0.41%	2076.00	1.69%
WTI Crude Oil	6128	1.56%	73.81	2.24%
US Nat Gas	236.5	0.25%	2.89	2.55%

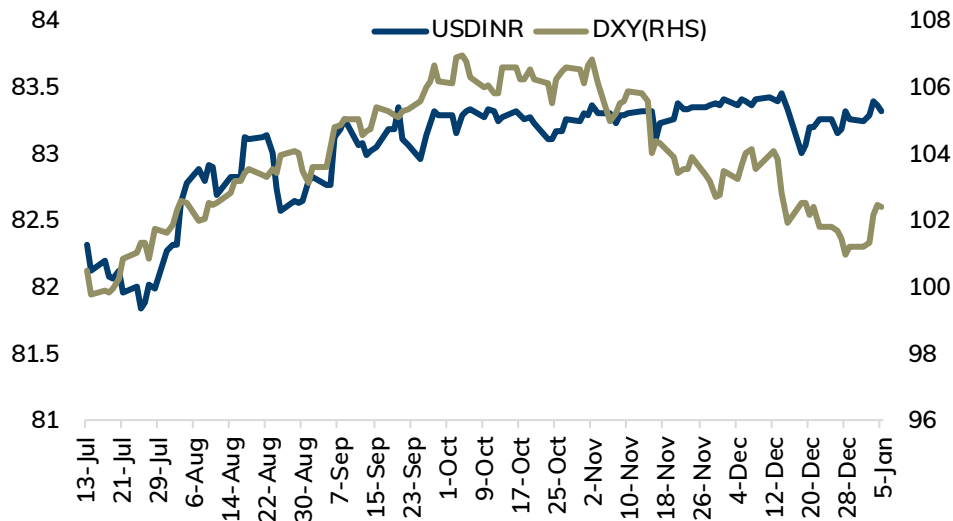
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.22	-0.12%	3837186	-85175	2265602	759010
EURINR (29th Jan)	90.93	-0.44%	223921	-16432	295468	53521
GBPINR (29th Jan)	105.31	-0.49%	237248	-31451	261330	-61815

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	January	Buy	5960-5980	6140	5900	Not Initiated
EurInr	January	Buy	91.28-91.30	91.70	91.10	Stoploss Triggered

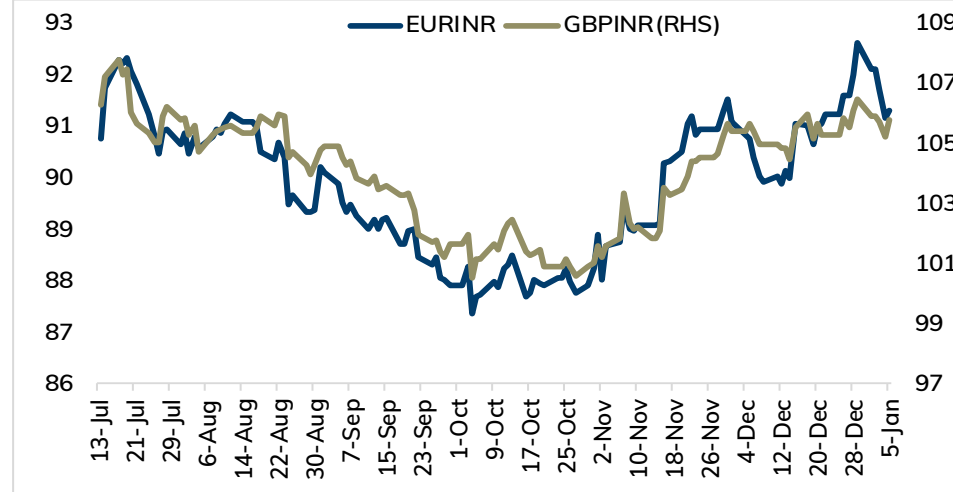
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated on Friday aided by FII inflows and positive domestic market sentiments. Meanwhile, sharp gains were limited due to rise in crude oil prices.
- Rupee is likely to trade with positive bias amid expectation of further correction in dollar and US treasury yields. Yield is likely to move south as mixed batch of recent economic data signaled weakness in economy, reinforcing expectations that US Fed may start cutting rates this year as soon as March. Moreover, optimistic domestic market sentiments and persistent FII inflows would aid rupee. Meanwhile, investors will remain cautious ahead of speeches from Fed officials to get hint on timing of rate cut. USDINR Jan will face hurdle near 83.35 levels and slip back towards 83.15 levels.

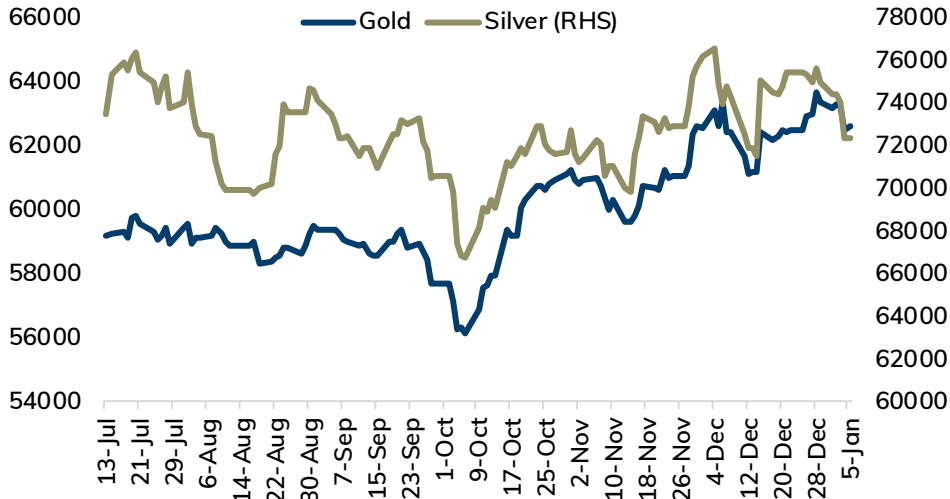
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped marginally by 0.03% on Friday amid strong dollar and negative domestic markets. For today, EURUSD is likely to hold the support near 1.0910 level and rise towards 1.100 levels amid expectation of correction in dollar and optimistic global market sentiments. Additionally, recent CPI data from euro zone showed inflation accelerated in December, reducing expectation of rate cut from ECB. EURINR Jan may rise towards 91.50 level as long as it trades above 90.80 levels.
- Pound is expected to rise further towards 1.2770 levels on weak dollar and as various data from Britain showed economy was more resilient than feared in December. Supporting Pound, traders are cutting back expectations of Bank of England rate cuts this year. GBPINR Jan is likely to move north towards 106.40 level as long as it stays above 105.50 levels.

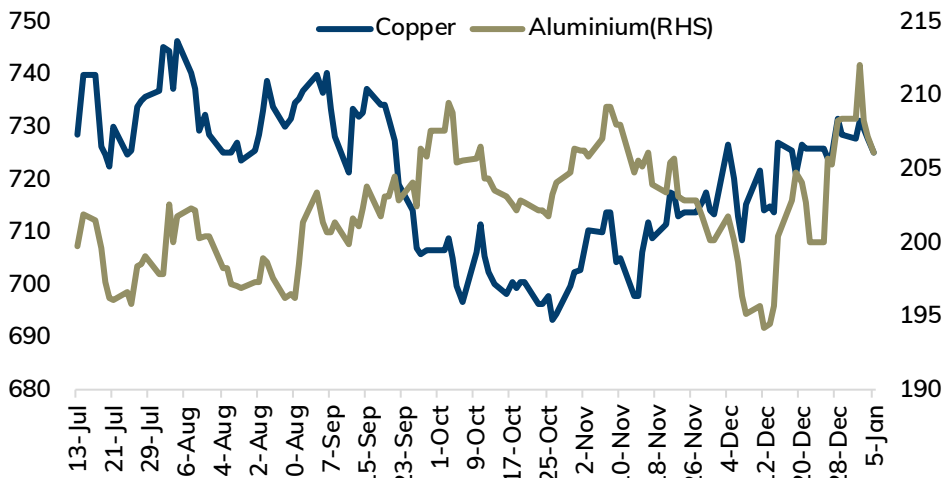
MCX Gold vs. Silver



Bullion Outlook

- Gold prices are expected to face the hurdle \$2060 and move back towards \$2025 on waning prospects of early rate cut by the Fed. Improved job numbers and wage growth numbers in December might force the Fed to hold the rates at higher for longer. Meanwhile, the CME Fed Watch tool indicates a 62% probability of rate cut in the March meeting and the probability of rate cut in May dipped below the 50% mark. Further, investor will eye on key inflation number this week to get more clarity on the frequency of rate cut in this year
- MCX gold is expected to face the hurdle near 63,000, and move back towards 62,200. Only close below 62,200 it would weaken towards 61,800.
- MCX silver is likely to dip towards 72,000, as long as it trades under 73,200.

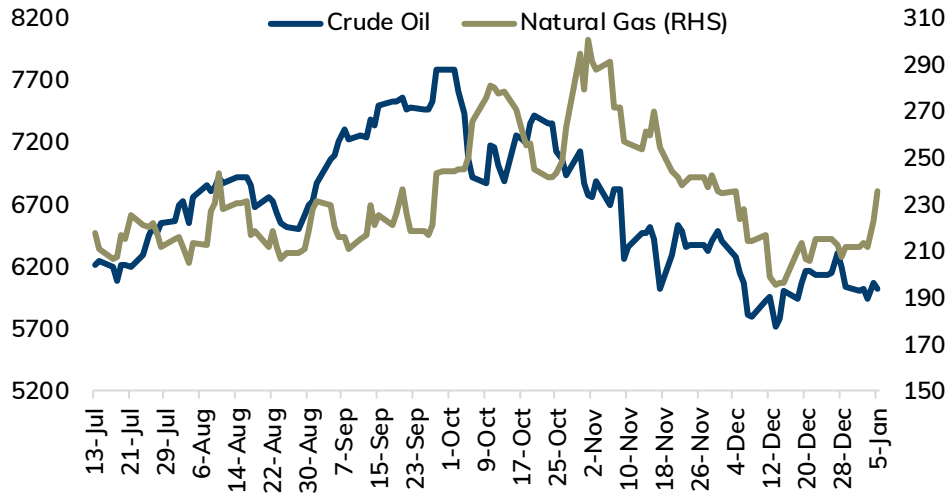
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure on softer demand. Lower demand of refined copper from China due to higher domestic output would check its upside. Meanwhile, persistence supply concerns and expectation of more stimulus measures from China would help the metal to limit its downside. Copper prices are set to remain volatile as the market continues to respond to any policy change from Beijing with any further recovery in prices dependent on economic stimulus from China
- MCX Copper January is expected to face the hurdle near 727 and weaken towards 717. Only close above 727 it would reverse its trend.
- Aluminum is expected to face the hurdle near 208 and decline towards 203.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are expected to hold its ground and move back towards the \$75 amid fear of supply disruption. The ongoing conflict in the Red Sea and tension in the Middle East would support the oil prices to hold its gains. Most of the shipping companies are not willing to move through the Red Sea due to the attacks in region, which might increase the shipping costs and push the oil prices higher.
- MCX Crude oil January is likely to find support near 6000 and move back towards 6250.
- MCX Natural gas January future is likely to rise towards 240 mark as long as it holds above the 225 level. Cold weather forecast in coming weeks is likely to increase the demand and support prices to trade higher.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61680	62118	62599	63037	63518
Silver	70982	71784	72598	73400	74214
Copper	715.8	718.3	722.7	725.1	729.5
Aluminium	203.3	204.4	205.4	206.5	207.5
Zinc	223.7	224.6	226.0	226.9	228.3
Lead	181.4	182.1	182.7	183.4	184.0
Crude Oil	5971	6049	6112	6190	6253
Nat Gas	219	228	233	241	246

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.12	83.17	83.25	83.30	83.38
US\$INR (Feb)	83.21	83.26	83.33	83.38	83.45
EURINR (Jan)	90.62	90.77	91.00	91.16	91.39
EURINR (Feb)	90.75	90.91	91.16	91.32	91.58
GBPINR (Jan)	104.98	105.14	105.45	105.62	105.92
GBPINR (Feb)	105.09	105.24	105.52	105.68	105.96
JPYINR (Jan)	57.33	57.44	57.64	57.75	57.95
JPYINR (Feb)	57.68	57.79	57.98	58.09	58.28

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.41	102.42	-0.01%
US\$INR	83.16	83.23	-0.08%
EURUSD	1.0943	1.0945	-0.02%
EURINR	90.76	91.30	-0.59%
GBPUSD	1.2720	1.2682	0.30%
GBPINR	105.29	105.88	-0.56%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.235	7.221	0.014
US	4.046	3.999	0.0469
Germany	2.156	2.124	0.032
UK	3.787	3.727	0.06
Japan	0.610	0.615	-0.005

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
1/4/2024	9:00 PM	-5.5M	-3.2M
12/28/2023	9:00 PM	-7.1M	-2.7M
12/20/2023	9:00 PM	2.9M	-2.3M
12/13/2023	9:00 PM	-4.3M	-1.9M
12/6/2023	9:00 PM	-4.6M	-1.3M
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	163175	-1275	-0.78%
Aluminium	558175	-3400	-0.61%
Zinc	220050	-1725	-0.78%
Lead	127725	-2725	-2.09%
Nickel	64536	54	0.08%

Economic Calendar



Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 08, 2024						
1:30 PM	Europe	German Factory Orders m/m		1.10%	-3.70%	Medium
3:30 PM	Europe	Retail Sales m/m		-0.30%	0.10%	Medium
10:30 PM	US	FOMC Member Bostic Speaks		-	-	Medium

Commodities Outlook

ICICI Securities – Retail Research

Source: Bloomberg, Reuters, ICICI Direct Research



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

I/We, , Raj Deepak Singh BE, MBA (Finance), Saif Mukadam BSc, MMS (Finance), Anup Sahu BSc, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.