

February 9, 2024

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Sell	708-708.5	701	712	Intraday
EURINR	February	Sell	89.55-89.57	89.15	89.75	Intraday

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## News and Developments

- Spot gold prices edged lower on Thursday amid strong dollar and higher bond yields as hopes of any early interest rate cut from US Fed diminished. Robust labor market and better than expected other economic numbers from US forced the Fed member to turn hawkish resulting lower probability of rate cut in March.
- Last week's jobless claims rose by 218k against previous reading of 227k suggesting tightness in the labor market.
- US dollar index rose towards 104.30 amid hawkish comments from the Fed member Barkin and improved weekly jobless claims data.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 18% from 20% a day ago while, prospects of rate cut in May dipped to 51% from 53% a day ago
- US 10-year treasury yields moved towards 4.16% and 2-year treasury yield, which typically moves in step with interest rate expectations ended at 4.44% on less dovish Fed comments.
- Crude oil prices gained more than 2% on Thursday after the Israeli Prime minister rejected the latest Hamas ceasefire offer and return of hostages held in Gaza strip. Further, strong demand of oil products in US also supported it to rise towards \$76.
- Copper prices fell to its lowest level in 3 months amid strong dollar and pessimistic industrial sentiment in China. Deflation in China which rose to 14-year high raised the doubts on future demand. China CPI declined to -0.8% YoY last month and PPI numbers stood at -2.5% YoY.
- NYMEX natural gas prices fell below \$2.0/MMBtu level to 3-year low on small storage decline and mild weather in US.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62443	-0.13%	2034.52	-0.04%
Silver	70837	0.75%	22.58	1.64%
Copper	706.3	-0.70%	8193.50	-1.43%
Aluminium	200.9	0.10%	2221.50	-0.02%
Zinc	209.9	-2.51%	2327.50	-3.04%
Lead	177.1	-1.28%	2054.50	-2.14%
WTI Crude Oil	6307	2.87%	76.22	3.20%
US Nat Gas	164.6	-1.61%	1.92	-2.54%

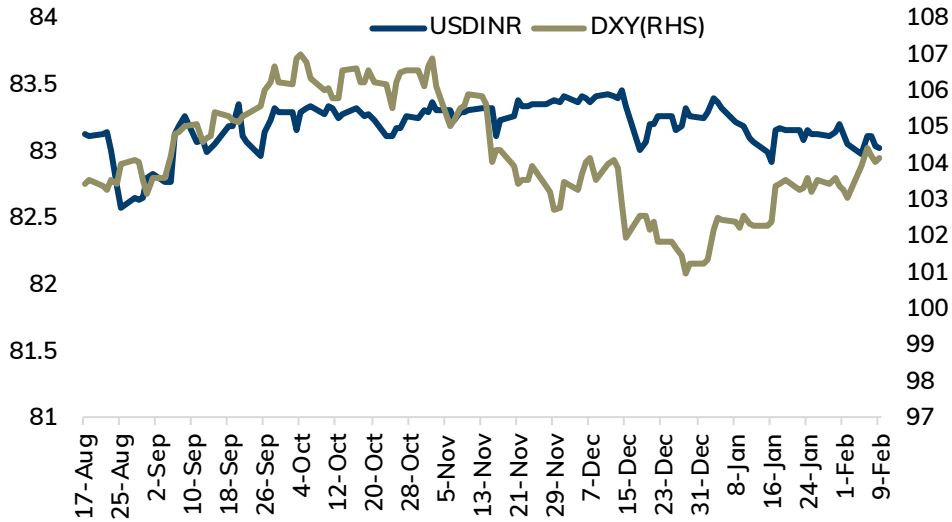
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.03	-0.01%	2376775	-14852	1551530	-556
EURINR (27th Feb)	89.49	-0.02%	154271	-19129	123825	-5765
GBPINR (27th Feb)	104.70	-0.14%	158570	-10169	143720	-124282

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Sell	714-714.5	708	718	Not Initiated
GBPINR	February	Buy	104.78-104.80	105.20	104.60	Exit in Loss

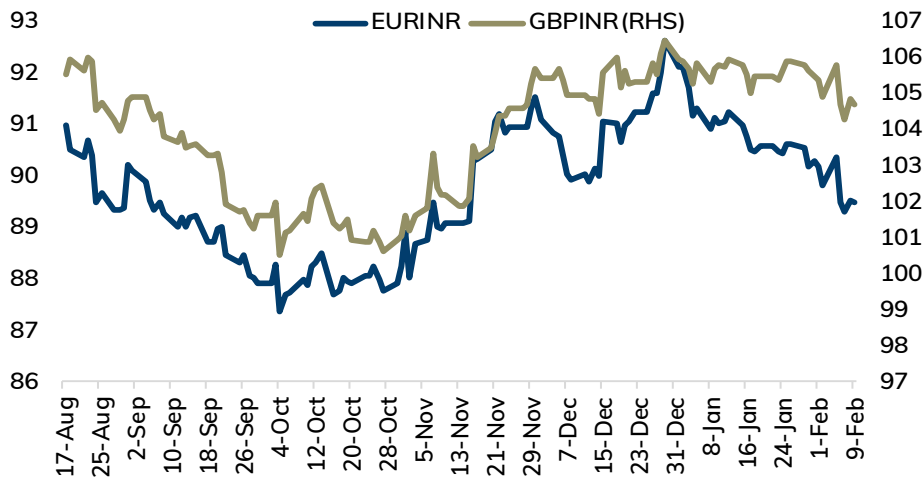
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended little changed yesterday after Reserve Bank of India kept its monetary policy unchanged. While, investors remained cautious ahead of initial jobless claim data from US and remarks from Richmond Fed President Thomas Barkin to get cues on policy rate path.
- Rupee is likely to depreciate today amid firm dollar and rise in US treasury yields. Dollar is moving north as job data pointed to a resilient US labor market, reinforcing expectations that US Fed is unlikely to cut rates in the near term. Additionally, comments from Fed officials have been supportive for dollar so far. Moreover, traders will remain cautious ahead of key inflation data from US scheduled next week to get cues on policy rate path. USDINR Feb likely to rise towards 83.15 levels as long as it sustains above 82.85 levels

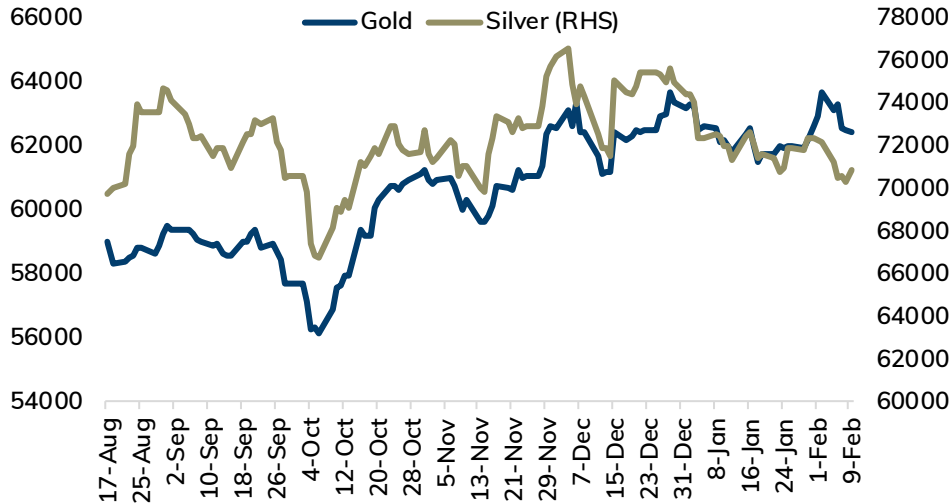
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro rose by 0.05% yesterday on hawkish statement from ECB official. ECB Governing Council member Wunsch and ECB Chief Economist Lane said they favor waiting for more data before deciding to cut interest rates. For today, EURUSD is likely to face hurdle near 1.0800 level and slip back towards 1.0740 level amid firm dollar and pessimistic global market sentiments. Meanwhile, investors remain cautious ahead of data from euro zone to gauge economic health. EURINR Feb may slip further towards 89.30 level as long as it trades below 89.80 levels.
- Pound is expected to slip towards 1.2570 level amid strong dollar and risk aversion in the global markets. Meanwhile, sharp downside may be cushioned as policymakers continued to push back against expectations for early rate cuts. GBPINR Feb is likely to move south towards 104.50 level as long as it stays below 105.05 levels

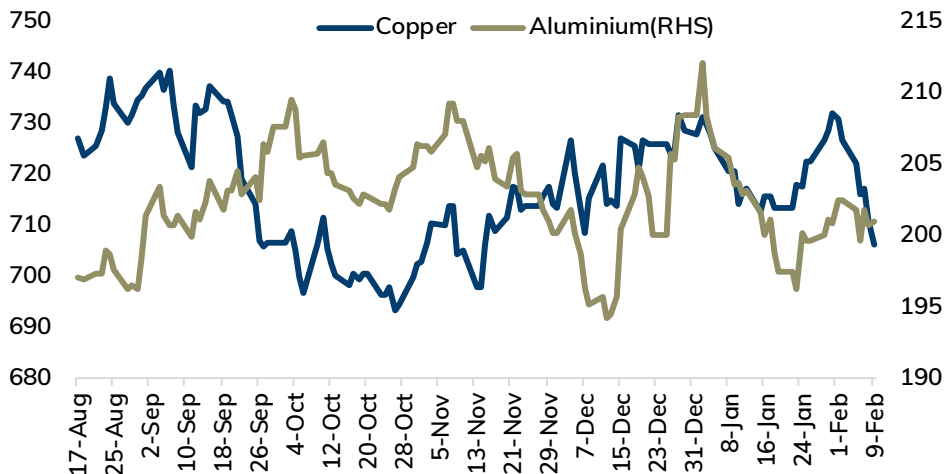
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$2045 and move towards \$2020 on expectation of strong dollar and higher treasury yields. Hawkish comments from the Fed members and improved economic numbers from US has diminished the prospects of early rate cut and restricted the upside in the bullions. However, increasing safe haven appeal due to ongoing geopolitical unrest in the Middle East would support the bullions to trim its losses and stay above the \$2020 mark
- MCX Gold April price is likely to consolidate in the band of 62,100 and 62,750. Only a move above 62,750 would bring fresh buying in the metal and push the price towards 63,000 levels
- MCX Silver is expected to find the floor near 70,000 and rebound towards 71,200. Above 71200, it would rise towards 72,000.

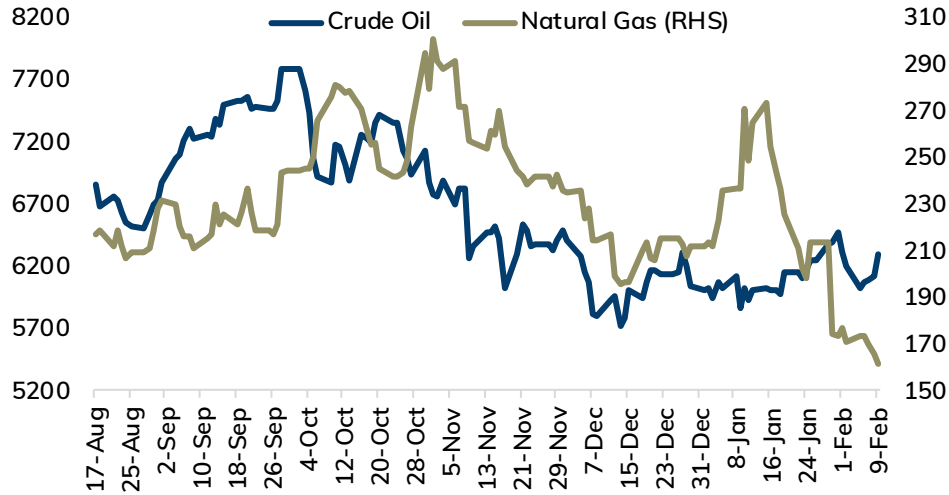
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid demand uncertainty. Persistent macroeconomic headwinds in China and rising deflation would likely to weigh on the demand for industrial metals. Further, sluggish growth outlook and lower demand ahead of the Lunar New year holiday in China would weaken the metal prices. Meanwhile, persistent decline in inventory level in LME could limit more downside in prices.
- MCX Copper is expected to face the hurdle near 712 and weaken towards 700. A move below 700 would open the doors towards 695.
- Aluminum is expected to consolidate in the band of 199 to 202.50. Below 199 it would test next support at 198.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to extend its rally towards \$78 amid rising Mideast tension after Israel rejected the latest proposed agreement. Further, fresh attacks by US forces on Houthi militants escalated the tension between Iran and US. Moreover, improved economic numbers from US would increase the demand prospects and support the oil prices to extend its gains. Meanwhile, sluggish growth outlook in China could check any major upside in prices.
- MCX Crude oil is likely to move towards 6380, as long as it holds above the 6100 levels. Only close above 6380 would push the price further towards 6460 levels.
- MCX Natural gas is expected to remain under pressure and slip further towards 156 level as long as it trades below 170 level.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62019	62231	62394	62606	62769
Silver	69493	70165	70552	71224	71611
Copper	698.2	702.2	707.9	712.0	717.7
Aluminium	198.5	199.7	201.1	202.3	203.6
Zinc	204.5	207.2	212.0	214.7	219.5
Lead	174.4	175.7	178.1	179.5	181.9
Crude Oil	6040	6173	6246	6379	6452
Nat Gas	161	163	166	167	170

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.89	82.96	83.01	83.08	83.13
US\$INR (Mar)	82.98	83.05	83.09	83.16	83.21
EURINR (Feb)	89.32	89.41	89.53	89.62	89.74
EURINR (Mar)	89.51	89.59	89.71	89.79	89.91
GBPINR (Feb)	104.47	104.59	104.75	104.86	105.02
GBPINR (Mar)	104.58	104.69	104.85	104.96	105.12
JPYINR (Feb)	55.59	55.73	55.96	56.09	56.32
JPYINR (Mar)	55.94	56.08	56.31	56.45	56.69

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.17	104.06	0.10%
US\$INR	82.96	82.97	-0.02%
EURUSD	1.0778	1.0772	0.06%
EURINR	89.46	89.36	0.11%
GBPUSD	1.2617	1.2626	-0.07%
GBPINR	104.78	104.82	-0.04%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.079	7.073	0.006
US	4.154	4.121	0.0329
Germany	2.354	2.316	0.038
UK	4.051	3.988	0.063
Japan	0.705	0.718	-0.013

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
1/10/2024	9:00 PM	1.3M	-0.2M
1/4/2024	9:00 PM	-5.5M	-3.2M
12/28/2023	9:00 PM	-7.1M	-2.7M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	136825	-1025	-0.74%
Aluminium	529350	1300	0.25%
Zinc	216675	10225	4.95%
Lead	144425	4750	3.40%
Nickel	72300	576	0.80%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 05, 2024						
7:15 AM	China	Caixin Services PMI	52.7	53	52.9	Medium
3:00 PM	Europe	Sentix Investor Confidence	-12.9	-15	-15.8	Medium
8:30 PM	US	ISM Services PMI	53.4	52	52.9	High
Tuesday, February 06, 2024						
3:00 PM	UK	Construction PMI	48.8	47.2	46.8	Medium
3:30 PM	Europe	Retail Sales m/m	-1.10%	-0.90%	-0.30%	Medium
10:30 PM	US	FOMC Member Mester Speaks	-	-	-	Medium
Wednesday, February 07, 2024						
12:30 PM	Europe	German Industrial Production m/m	-1.60%	-0.40%	-0.70%	Medium
7:00 PM	US	Trade Balance	(62.2B)	(-62.3)B	(-63.2)B	Medium
9:00 PM	US	Crude oil Inventories	5.5M	1.7M	1.2M	Medium
Thursday, February 08, 2024						
7:00 AM	China	CPI y/y	-0.80%	-0.50%	-0.30%	Medium
7:00 AM	China	PPI y/y	-2.50%	-2.60%	-2.70%	Medium
10:00 AM	India	RBI Interest Rate Decision	6.5%	6.5%	6.5%	High
7:00 PM	US	Unemployment Claims	218K	219K	224K	Medium
Friday, February 09, 2024						
12:30 PM	Europe	German Final CPI m/m		0.20%	0.20%	Medium



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