

February 16, 2024

Daily Currency & Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Buy	711-712	718	708	Intraday
USDINR	February	Sell	83.05-83.06	82.90	83.15	Intraday

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News and Developments

- Spot gold prices rebounded from its 2-month low amid decline in US dollar and treasury yields. Softer US retail sales numbers supported the bullions to trim its earlier losses as it marked its biggest decline in last 10 months. US retail sales number declined by 0.8% in January against previous reading of 0.4% gain.
- The US dollar index declined from its 3-months high amid softer US retail sales numbers and lower than expected industrial production numbers. US industrial production numbers contracted again and declined by 0.1% last month against forecast of 0.2%.
- US 10-year treasury yields dipped to 4.24% and 2-year treasury yield, which typically moves in step with interest rate declined to 4.57%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March remained steady near 10% from 9% and prospects of rate cut in May stick to 34% against 35% a day ago
- Crude oil prices rebounded from its earlier losses amid correction in the dollar and persistence geopolitical risk. Escalating tension in the Mideast again supported the NYMEX crude oil futures to rise towards the \$78 mark. Further improved risk-on sentiments also helped oil prices to trade higher.
- Copper prices traded higher amid softness in the dollar and depleting inventory levels in LME. LME copper stocks fell to 132,525 tons, lowest since September 2023.
- NYMEX natural gas prices slipped for eight consecutive session. Prices moved south after weekly EIA natural gas inventories fell -49 bcf, a smaller draw than expectations of -65 bcf and much smaller than the 5-year average of -149 bcf

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61622	0.29%	2004.40	0.61%
Silver	71121	1.38%	22.92	2.47%
Copper	714.8	1.25%	8314.00	1.43%
Aluminium	200.1	-0.52%	2224.50	-0.49%
Zinc	210.9	1.52%	2354.50	1.82%
Lead	178.6	0.99%	2042.00	1.29%
WTI Crude Oil	6483	1.34%	78.03	1.81%
US Nat Gas	141.0	-0.21%	1.58	-1.74%

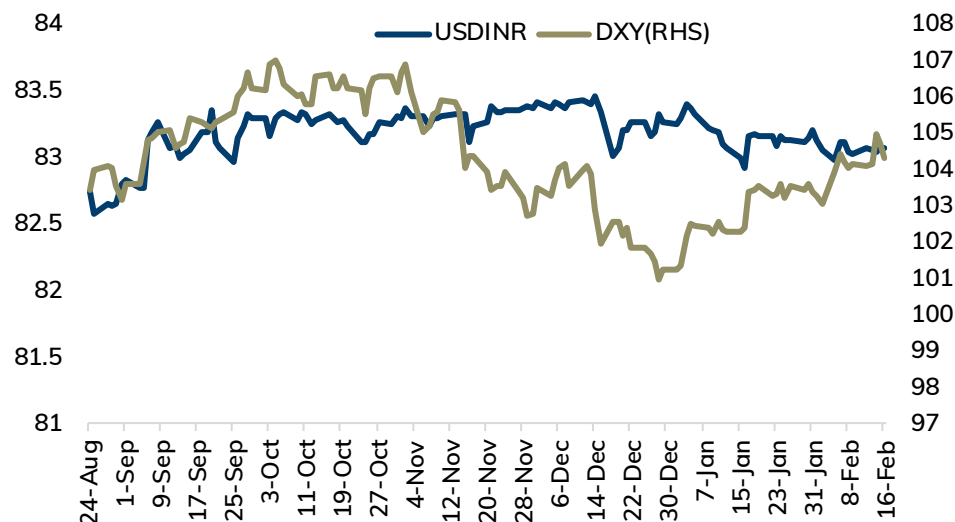
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.07	-0.01%	2370882	-62687	880680	-817328
EURINR (27th Feb)	89.26	0.29%	157884	-17188	135262	-75457
GBPINR (27th Feb)	104.31	0.04%	213996	116	156198	-344083

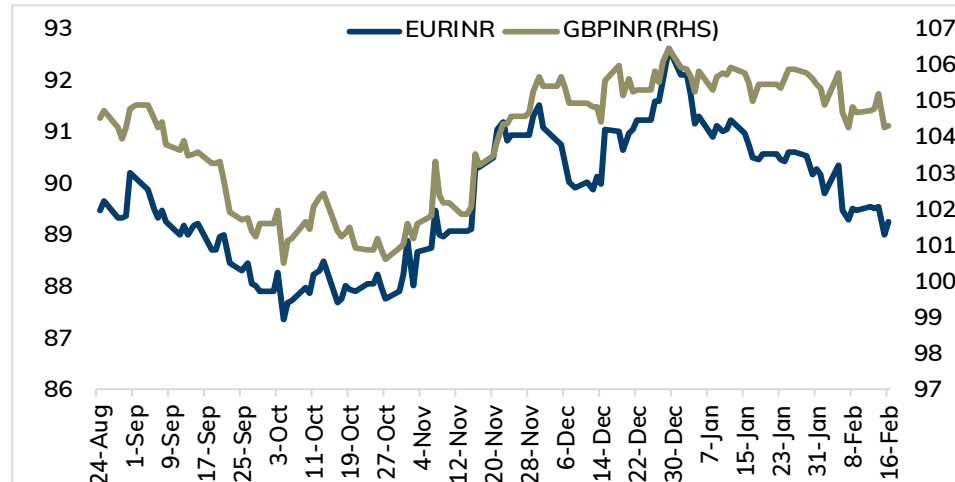
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	March	Sell	6420-6430	6280	6510	Exit in Loss
EURINR	February	Buy	89.00-89.02	89.40	88.80	Not Initiated

Dollar Index vs. US\$INR



EURINR vs. GBPINR



Rupee Outlook

- Rupee remained in a tight range ahead of major economic data from US to gauge health of the economy and get fresh cues on interest rate outlook. Further, rupee tracked subdued moves in most Asian currencies
- Rupee is likely to appreciate today amid soft dollar, decline in US treasury yields and optimistic global market sentiments. Dollar slipped after mixed batch of economic data from US, with retail sales falling more than expected in January. Moreover, investors will remain cautious ahead of PPI data, softer read would weigh on dollar. Additionally, India's merchandise trade deficit in January narrowed to \$17.49 billion, down from \$19.8 billion in December. USDINR Feb likely to slip towards 82.90 levels as long as it sustains below 83.15 levels

Euro and Pound Outlook

- Euro gained by 0.42% yesterday amid soft dollar and positive global market sentiments. Additionally, hawkish comments from ECB President Lagarde supported single currency. She cautioned against the ECB rushing into interest rate cuts. For today, EURUSD is likely to hold the support near 1.0740 level and rise towards 1.0810 level amid weakness in dollar and rise in risk appetite in the global markets. Further, hawkish comments from ECB officials will continue to support single currency. EURINR Feb may rise towards 89.70 level as long as it trades above 89.20 levels.
- Pound is expected to slip further towards 1.2530 level as data showed UK economy contracted by 0.3% in Q4 CY23, shrinking for second consecutive quarter. Meanwhile, investors will remain cautious ahead of retail sales data from Britain to get more cues on interest rate outlook. GBPINR Feb is likely to move south towards 104.0 level as long as it stays below 104.60 levels

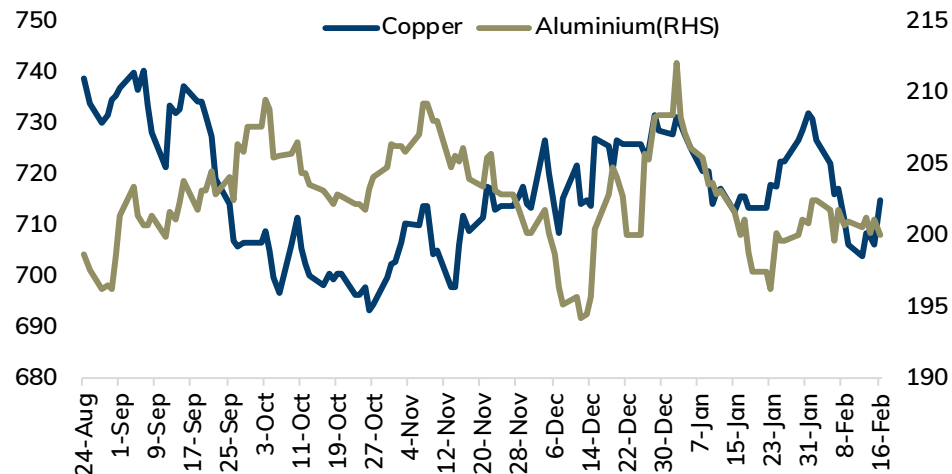
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the hurdle near \$2015 and weaken further towards \$1985 on diminishing prospects of early cut to interest rates by the Fed. Meanwhile, focus will shift towards key US PPI and consumer sentiment data. Any upside in the in the PPI numbers would again push the odds of interest rate cuts and check the upside in the bullions. Meanwhile, safe haven buying in the yellow metal amid geopolitical unrest in Mideast would restrict its downside.
- MCX Gold April price is expected face stiff resistance near 62,000 and move towards the immediate support at 61,200. Only close below 61,200 it would turn weaker and slide towards 60,800.
- MCX Silver is expected to face the hurdle near 72,000 and weaken further towards 70,200.

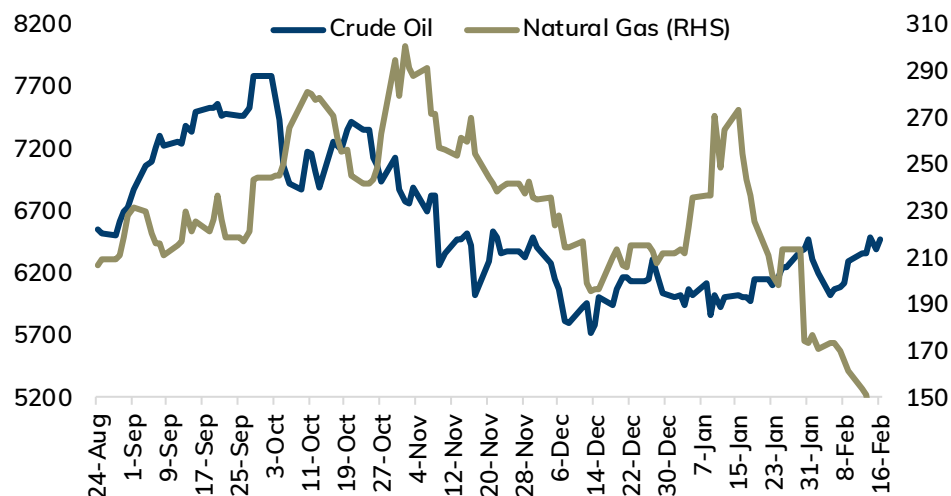
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to extend its recovery rally amid tightness in the physical market as LME inventories hit its lowest level since September. Production cuts by various producers are expected to tighten the market. Further hopes of new measure from China to support the recovery in its economy would help the metal to trade higher.
- MCX Copper is expected to hold its ground above 710 and rise towards 719. Only a sustained move above 719 would push the price towards 724..
- Aluminum is expected to consolidate in the band of 199 to 202. Below 199 it would test next support at 198.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$79 and weaken further towards \$75 amid demand concerns. Forecast of slower growth in China would hurt the demand in 2024. EIA in its report stuck to its 2024 demand growth forecast of 1.2mbd and projected the market will be in surplus this year. Meanwhile, persistence supply concerns due to unrest in the Mideast would limit its downside.
- MCX Crude oil March is likely to face the hurdle near 6525 and move lower towards 6300. Only a move above 6525 it would open the doors towards 6600.
- MCX Natural gas is expected to find the floor near 130 and rebound towards 144. Meanwhile, higher production and forecast of mild winter in US would check any major upside in gas prices.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61089	61356	61550	61817	62011
Silver	69429	70275	70859	71705	72289
Copper	702.7	708.7	712.1	718.1	721.5
Aluminium	198.4	199.2	200.6	201.4	202.7
Zinc	206.6	208.7	209.9	212.0	213.2
Lead	176.3	177.4	178.2	179.3	180.0
Crude Oil	6210	6346	6429	6565	6648
Nat Gas	135	138	142	145	149

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.00	83.03	83.05	83.09	83.11
US\$INR (Mar)	83.08	83.11	83.14	83.17	83.20
EURINR (Feb)	89.06	89.16	89.22	89.32	89.38
EURINR (Mar)	89.22	89.32	89.38	89.47	89.53
GBPINR (Feb)	103.61	103.96	104.58	104.93	105.56
GBPINR (Mar)	103.98	104.19	104.50	104.71	105.02
JPYINR (Feb)	55.29	55.39	55.47	55.57	55.64
JPYINR (Mar)	55.64	55.75	55.83	55.94	56.01

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.30	104.72	-0.41%
US\$INR	83.04	83.03	0.02%
EURUSD	1.0772	1.0727	0.42%
EURINR	89.14	88.85	0.32%
GBPUSD	1.2600	1.2566	0.27%
GBPINR	104.26	104.11	0.14%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.088	7.112	-0.024
US	4.230	4.255	-0.0254
Germany	2.359	2.337	0.022
UK	4.054	4.044	0.01
Japan	0.731	0.753	-0.022

US Crude Stocks Change (Barrels)

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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	132525	-1300	-0.97%
Aluminium	538075	12975	2.47%
Zinc	259825	5000	1.96%
Lead	173075	4350	2.58%
Nickel	71544	-426	-0.59%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 12, 2024						
5:30 PM	India	CPI y/y	5.10%	5.00%	5.69%	High
11:30 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
Tuesday, February 13, 2024						
12:30 PM	UK	Claimant Count Change	14.1K	15.2K	11.7K	High
12:30 PM	UK	Average Earnings Index 3m/y	5.80%	5.60%	6.50%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	19.9	17.4	15.2	Medium
7:00 PM	US	CPI y/y	3.10%	2.90%	3.40%	High
Wednesday, February 14, 2024						
12:30 PM	UK	CPI y/y	4.00%	4.10%	4.00%	High
3:30 PM	Europe	Flash GDP q/q	0.00%	0.00%	0.00%	Medium
3:30 PM	Europe	Industrial Production m/m	2.60%	-0.20%	-0.30%	Medium
9:00 PM	US	Crude Oil Inventories	12.0M	3.3M	5.5M	Medium
Thursday, February 15, 2024						
12:30 PM	UK	Prelim GDP q/q	-0.30%	-0.10%	-0.10%	High
5:30 PM	India	Trade Balance	(17.49B)	-	(19.8B)	High
7:00 PM	US	Empire State Manufacturing Index	-2.4	-11.9	-43.7	High
7:00 PM	US	Retail Sales m/m	-0.80%	-0.20%	0.60%	High
7:00 PM	US	Unemployment Claims	212K	217K	218K	High
7:00 PM	US	Philly Fed Manufacturing Index	5.2	-8.9	-10.6	Medium
7:45 PM	US	Industrial Production m/m	-0.10%	0.30%	0.10%	Medium
9:00 PM	US	Natural Gas Storage	-49B	-	-75B	Medium
Friday, February 16, 2024						
12:30 PM	UK	Retail Sales m/m	-	1.50%	-3.20%	High
7:00 PM	US	PPI m/m	-	0.10%	-0.10%	High
7:00 PM	US	Building Permits	-	1.52M	1.49M	Medium
8:30 PM	US	Prelim UoM Consumer Sentiment	-	79.9	79	High
8:30 PM	US	Prelim UoM Inflation Expectations	-	-	2.90%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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