

January 4, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	January	Buy	221-222	230	216	Intraday
GBP/INR	January	Buy	105.48-105.50	105.90	105.30	Intraday

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## News and Developments

- Gold prices declined almost 1% on Wednesday amid strong dollar. The dollar index extended its gains for the 2<sup>nd</sup> day in a row underpinned by higher treasury yields. The dollar also found support from the Fed minutes as it reported most policy makers agreed to maintain restrictive policy for some time. The minutes of the December FOMC meeting gave no sign of an immediate Fed rate cut.
- The US dollar index traded higher despite lesser than expected growth in US JOLTS job opening numbers, which declined to 8.79M against forecast of 8.84M. The US ISM manufacturing PMI numbers contracted again for the 12<sup>th</sup> time in a row.
- The US 10 year treasury yields remained close to the 4% mark and 2 year treasury yields steadied above the 4.3%.
- NYMEX Crude oil prices gained almost 2% yesterday after protests in Libya's top oil field raised supply concerns. Complete shutdown of the oil field near Sahara certainly pushed the oil to move above the \$72 mark. Prices also climbed due to continued attacks on vessels in the Red sea and geopolitical tension in the Middle East
- Copper prices traded lower amid strong dollar and weaker manufacturing data from China. 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 gained more than 5% to its highest level in 4-weeks on forecast of colder weather in coming weeks. Further, lower gas output in January which is down to 107.5 bcf per day from its record high of 108.5 bcf per day in December also strengthened the prices

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62507	-1.19%	2041.49	-0.85%
Silver	72333	-2.38%	22.99	-2.85%
Copper	727.6	-0.31%	8517.00	-0.32%
Aluminium	207.2	-0.50%	2312.50	-0.98%
Zinc	228.5	-0.91%	2585.50	-1.35%
Lead	182.1	-0.30%	2046.00	-0.87%
WTI Crude Oil	6071	2.15%	72.70	3.30%
US Nat Gas	223.1	4.99%	2.67	3.89%

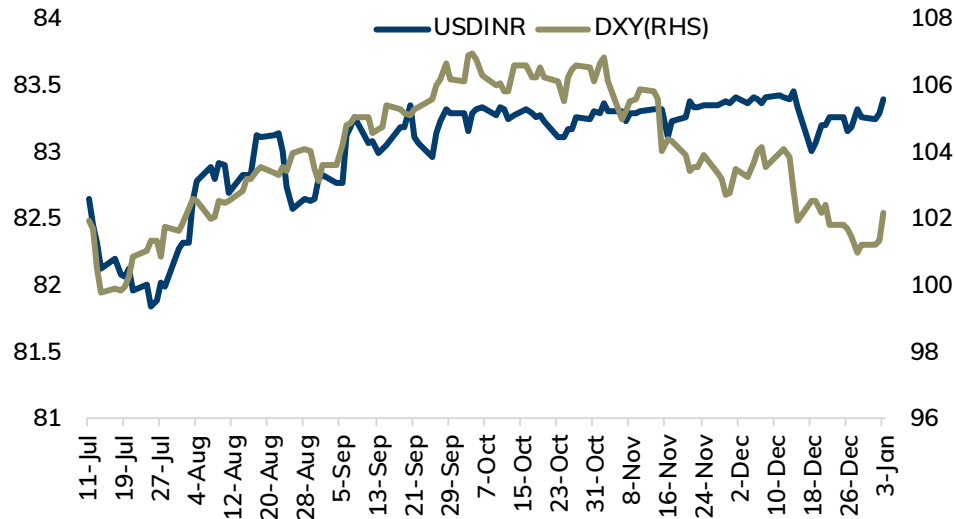
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.37	-0.04%	3975790	-115679	1459185	-61581
EURINR (27th Dec)	91.16	-0.61%	259579	-57998	257817	11179
GBPINR (27th Dec)	105.27	-0.43%	227340	-17137	235945	-78065

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	January	Buy	212-213	221	208	Target Achieved
EURINR	January	Sell	91.60-91.62	91.20	91.80	Not Initiated

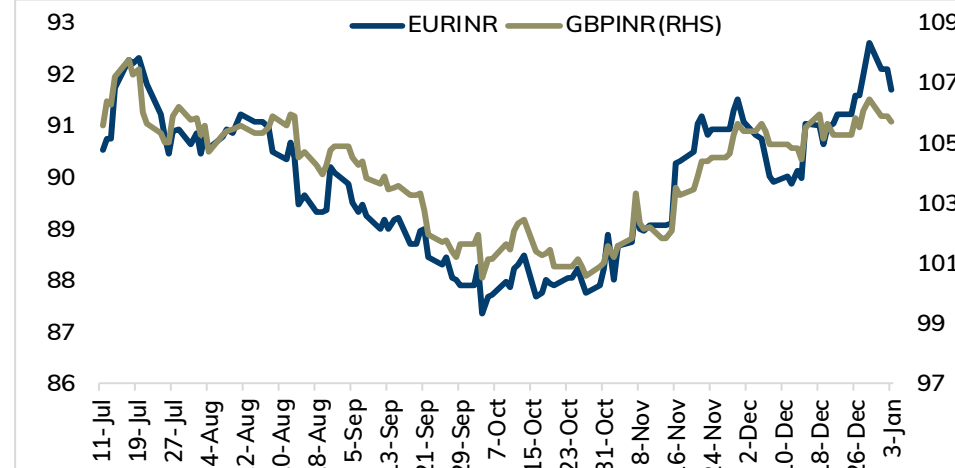
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated marginally yesterday supported by dollar sales from foreign banks. Meanwhile, sharp gains were prevented on weak global market sentiments and steady dollar.
- Rupee is likely to trade with positive bias amid expectation of correction in dollar and US treasury yields. Dollar is likely to move south as data showed US Manufacturing PMI contracted further in December and US job openings fell for 3<sup>rd</sup> consecutive month, signaling easing labor market conditions. Moreover, FOMC meeting minutes showed officials were convinced that inflation was coming under control but failed to provide any clear cut cues on when Fed could begin cutting rates. USDINR Jan will face hurdle near 83.45 levels and slip back towards 83.25 levels.

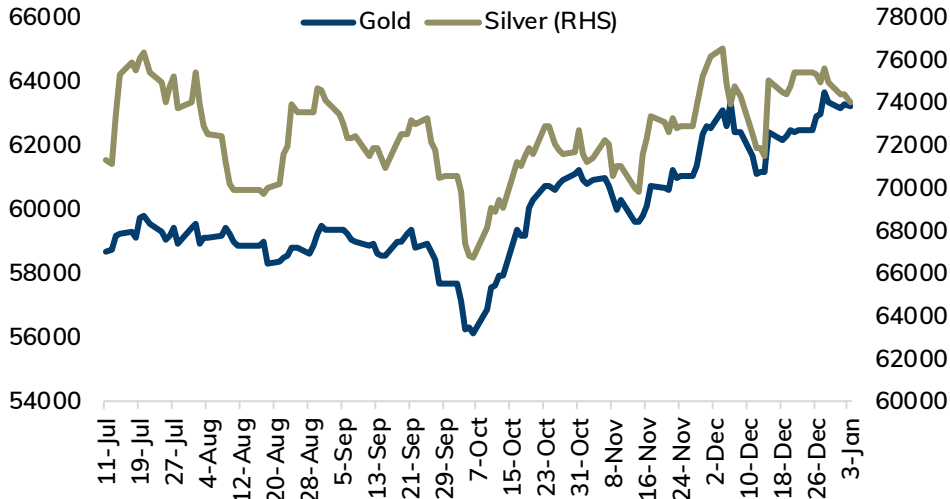
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro slipped by 0.16% yesterday amid strong dollar and risk-off sentiments in global markets. Further, economic concerns weighed on single currency. For today, EURUSD is likely to hold the support near 1.0890 level and rise back towards 1.0960 levels amid expectation of correction in dollar. Meanwhile, investors will remain cautious ahead of economic data from euro zone to gauge economic health of the country and get cues on interest rate outlook. EURINR Jan may rise towards 91.50 level as long as it trades above 90.90 levels.
- Pound is expected to rise further towards 1.2730 levels on expectation of correction in dollar and forecast of improved economic data from Britain. GBPINR Jan is likely to move north towards 106.00 level as long as it stays above 105.20 levels.

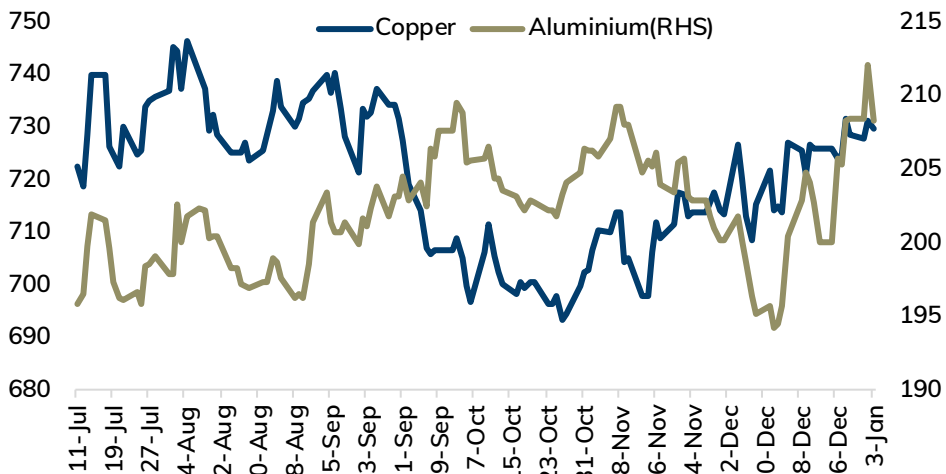
## MCX Gold vs. Silver



## Bullion Outlook

- Gold prices are likely to face the hurdle near \$2055 and weaken towards the \$2020 mark as Fed policymakers pushed back against expectations for aggressive monetary easing early in 2024. The CME FedWatch tool indicates a 65% probability of rate cut in the March meeting and the probability of rate cut in May dipped below the 58% mark. Meanwhile, focus will shift towards key US job number, which could provide more clarity on the price direction.
- MCX gold is expected to face the hurdle near 62,900 and weaken further towards 62,200. Only a move above 63,000 would reverse the trend.
- MCX silver is likely to slip further towards 71,500, as long as it trades under 73,200.

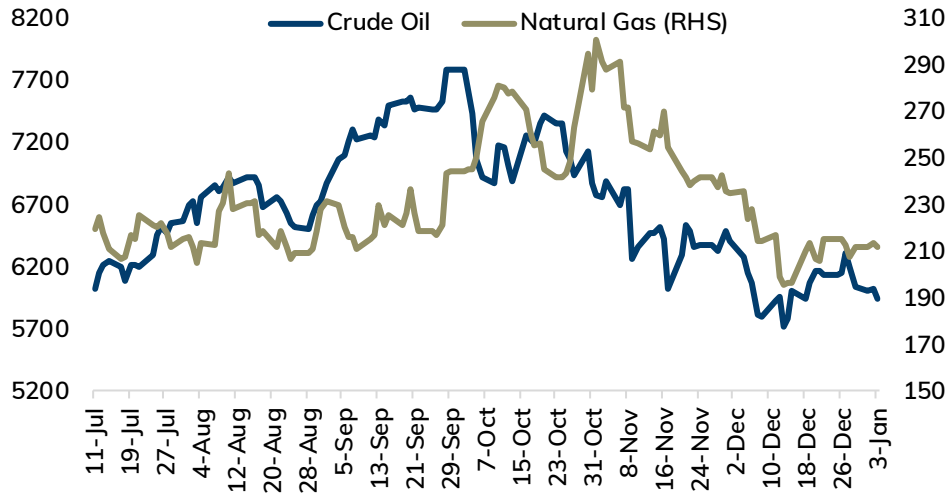
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain in a tight range due to weaker manufacturing activity across the globe and risk-off sentiments in global markets. Whereas depleting stocks in SHFE and persistence supply concerns would limit the downside. Moreover, expectation of more stimulus measures from China would help the metal to trim its losses. Meanwhile, traders will keep an eye on key US job numbers to get more clarity in price trend.
- MCX Copper January is expected to remain in the range of 724 to 732. Only close above 732 it would rise towards 736.
- Aluminum is expected to face the hurdle near 209 and decline towards 206.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- Crude oil prices are expected to rise towards the \$75 amid fear of supply disruption. The shutdown of Libya's biggest oil field and continued disruptions to shipping activity in the Red Sea would support the oil prices to trade higher. Further, larger than expected drawdown in US oil inventories by 7.4M barrels would also support the NYMEX crude to march towards key resistance at \$75.
- MCX Crude oil January is likely to find support near 6000 and move back towards 6250. Formation of bullish pattern( Bullish engulfing) on the daily chart would support prices to stay higher.
- MCX Natural gas January future is likely to rise towards 230 mark as long as it holds above the 218 level. Forecast of colder weather in US and record flow of gas to LNG export plants would support the prices to hold its gains.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61830	62168	62757	63095	63684
Silver	70944	71639	72882	73577	74820
Copper	722.0	724.8	727.3	730.1	732.5
Aluminium	204.9	206.0	207.1	208.2	209.3
Zinc	225.0	226.7	228.7	230.4	232.3
Lead	181.3	181.7	182.2	182.6	183.2
Crude Oil	5693	5882	5985	6174	6277
Nat Gas	206	215	221	229	235

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.29	83.33	83.37	83.41	83.46
US\$INR (Feb)	83.37	83.41	83.45	83.49	83.54
EURINR (Jan)	90.88	91.02	91.26	91.40	91.65
EURINR (Feb)	91.02	91.16	91.41	91.55	91.79
GBPINR (Jan)	105.09	105.18	105.31	105.40	105.53
GBPINR (Feb)	105.09	105.21	105.40	105.52	105.72
JPYINR (Jan)	58.40	58.54	58.79	58.94	59.19
JPYINR (Feb)	58.77	58.91	59.14	59.28	59.51

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.49	102.20	0.29%
US\$INR	83.29	83.32	-0.04%
EURUSD	1.0922	1.0942	-0.18%
EURINR	91.10	91.78	-0.75%
GBPUSD	1.2665	1.2617	0.38%
GBPINR	105.17	105.96	-0.74%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.216	7.209	0.007
US	3.916	3.929	-0.0132
Germany	2.024	2.068	-0.044
UK	3.639	3.638	0.001
Japan	0.614	0.614	0

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
11/15/2023	9:00 PM	3.6M	2.5M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	165700	0	0.00%
Aluminium	565175	-1200	-0.21%
Zinc	223325	100	0.04%
Lead	132100	-1800	-1.34%
Nickel	64410	252	0.39%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 01, 2024						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, January 02, 2024						
7:15 AM	China	Caixin Manufacturing PMI	50.8	50.4	50.7	High
8:30 PM	US	Construction Spending m/m	0.40%	0.60%	0.60%	Medium
Wednesday, January 03, 2024						
8:30 PM	US	ISM Manufacturing PMI	47.4	47.2	46.7	High
8:30 PM	US	JOLTS Job Openings	8.79M	8.84M	8.85M	High
Thursday, January 04, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:15 AM	China	Caixin Services PMI	52.9	51.6	51.5	High
6:30 PM	Europe	German Prelim CPI m/m	-	0.20%	-0.40%	High
6:45 PM	US	ADP Non-Farm Employment Change	-	-	103K	High
7:00 PM	US	Unemployment Claims	-	210K	218K	High
9:00 PM	US	Natural Gas Storage	-	-	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	-7.1M	Medium
Friday, January 05, 2024						
3:00 PM	UK	Construction PMI	-	46.1	45.5	Medium
3:30 PM	Europe	CPI Flash Estimate y/y	-	3%	2.40%	Medium
7:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.40%	High
7:00 PM	US	Non-Farm Employment Change	-	168K	199K	High
7:00 PM	US	Unemployment Rate	-	3.80%	3.70%	High
8:30 PM	US	ISM Services PMI	-	52.5	52.7	High



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