

February 26, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	March	Sell	731.50-732.00	726	736	Intraday
EURINR	February	Sell	89.80-89.82	89.40	90.00	Intraday

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News and Developments

- Spot gold prices regained its strength and rallied more than 0.50% on Friday amid softness in the dollar and lower global bond yields. In addition, persistent geopolitical risks in the Middle East and Ukraine boosted safe haven demand of the metal.
- The US dollar index settled below the 104 mark as the comments from the New York Fed President Williams were negative for the dollar. Expectation of slow growth in consumer spending this year has weighed on the dollar and treasury yields.
- US 10-year treasury yields dipped to 4.25% and 2-year treasury yield, which typically moves in step with interest rate dropped below 4.70%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 4% and prospects of rate cut in May edged up to 25% against 23% a day ago
- Crude oil prices moved lower on Friday and lost more than 2% amid slow economic growth and demand uncertainties. Further, higher crude oil production by US also weighed on the oil prices. Last week US energy firms added most number of rigs since November, which jumped to 503 last week. Meanwhile, tension in Mideast and Red Sea checked the oil prices to slide below \$76.
- Copper prices eased from its three-week high amid demand concerns from the top metal consumer China. Sharp jump in copper inventory level in major Chinese warehouses sparked demand concerns. Copper Inventories levels jumped 181,323 tons on the week ending February 23rd, which got doubled after the Lunar New Year.
- NYMEX natural gas prices closed lower amid forecast of mild winter weather in US. Further, smaller than expected draw down in inventory levels also weighed on the gas prices.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62345	0.59%	2035.40	0.54%
Silver	70479	0.30%	22.95	0.88%
Copper	726.0	-0.12%	8567.50	-0.20%
Aluminium	195.3	-1.69%	2180.00	-0.82%
Zinc	216.4	1.07%	2405.00	0.78%
Lead	176.3	0.09%	2095.50	0.38%
WTI Crude Oil	6353	-2.79%	76.49	-2.70%
US Nat Gas	143.1	-4.09%	1.60	-7.45%

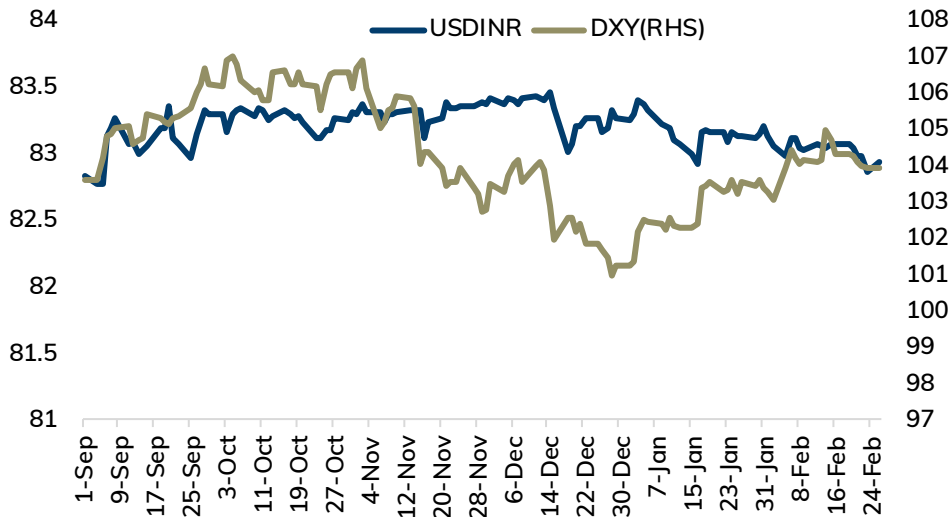
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.94	0.09%	2141440	-216249	1238280	-440058
EURINR (27th Feb)	89.81	-0.10%	86972	-12470	86957	-183005
GBPINR (27th Feb)	105.14	0.13%	173242	-3609	123160	-148930

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	March	Buy	6440-6450	6600	6350	Stop Loss Triggered
EURINR	February	Sell	89.90-89.92	89.50	90.10	Not Initiated

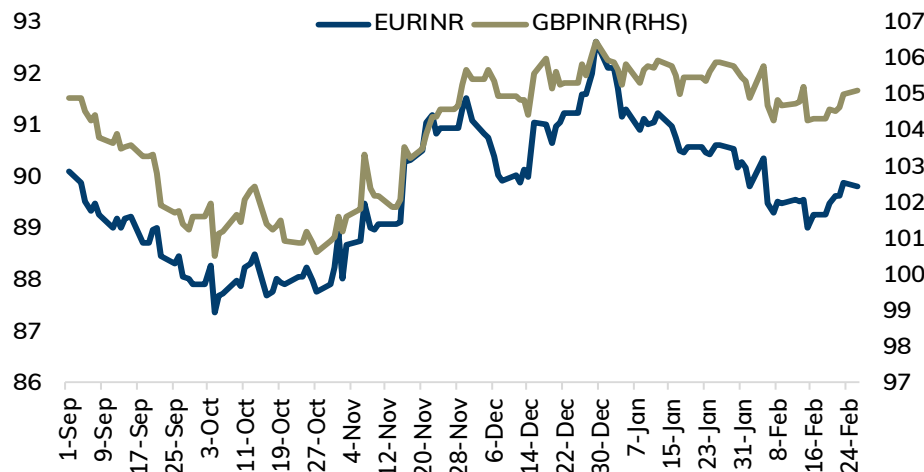
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated on Friday amid dollar demand from importers. Meanwhile, sharp fall was prevented due to foreign fund inflows into the share and bond markets and softening of crude oil prices
- Rupee is likely to depreciate today amid firm dollar. Dollar is moving north as most of the Fed officials comments signaled that central bank would take its time in cutting interest rates to make sure inflation eases to its target. Additionally, investors have pushed back expectations for the first Fed rate cut to June from May. Meanwhile, persistent FII inflows and softening of crude oil prices may prevent sharp fall in rupee. USDINR Feb likely to rise back towards 83.05 levels as long as it sustains above 82.85 level

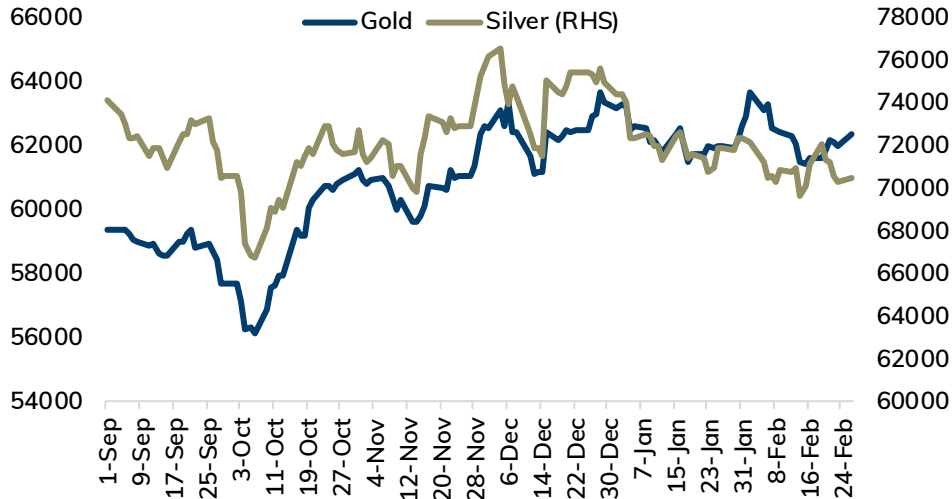
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped by 0.05% on Friday amid recovery in dollar and dovish comments from ECB Governing Council member Centeno. Meanwhile, sharp downside was cushioned as survey showed German business morale improved in February. For today, EURUSD is likely to face hurdle near 1.0850 level and slip back towards 1.0760 level amid firm dollar and pessimistic global market sentiments. EURINR Feb may slip towards 89.40 level as long as it trades below 90.0 levels
- Pound is expected to slip further towards 1.2610 level amid risk aversion in the global markets and strong dollar. Meanwhile, investors will remain cautious ahead of economic data and comments from BOE policymaker to get fresh cues on interest rate outlook. GBPINR Feb is likely to move south towards 104.60 level as long as it stays below 105.05 levels

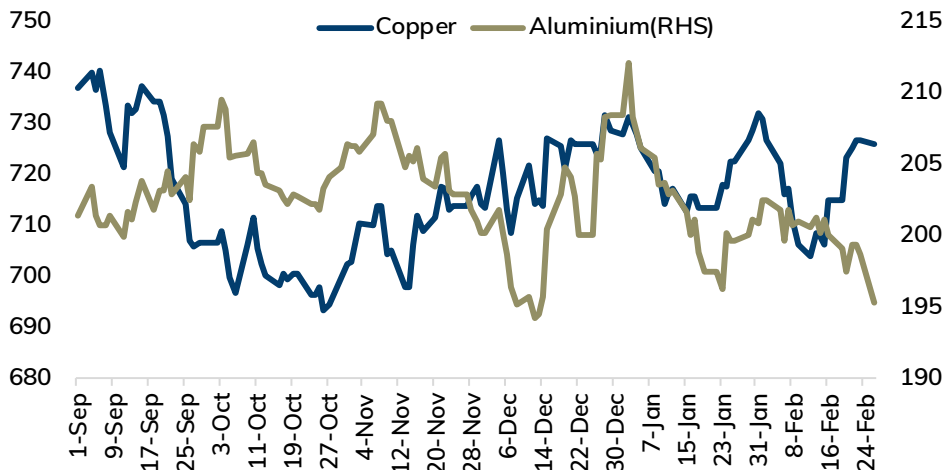
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to face the hurdle near \$2040 and move towards \$2020 amid strong US dollar. Diminishing probability of early rate cut by the Fed would limit its upside. The probability of May rate cut has dipped below 25% suggesting no rate cut in the first half of 2024. Meanwhile, investors will eye on key US core PCE price index and GDP numbers this week to get more clarity on future interest rate path. However, safe haven buying due to the ongoing tension in the Mideast and Ukraine would limit its downside.
- MCX Gold April price is expected to face resistance near 62,550 and move lower towards 61,900. Only close below 61,900 it would turn weaker and slide towards 61,500.
- MCX Silver March is expected to remain in the range of 69,800 and 71,200.

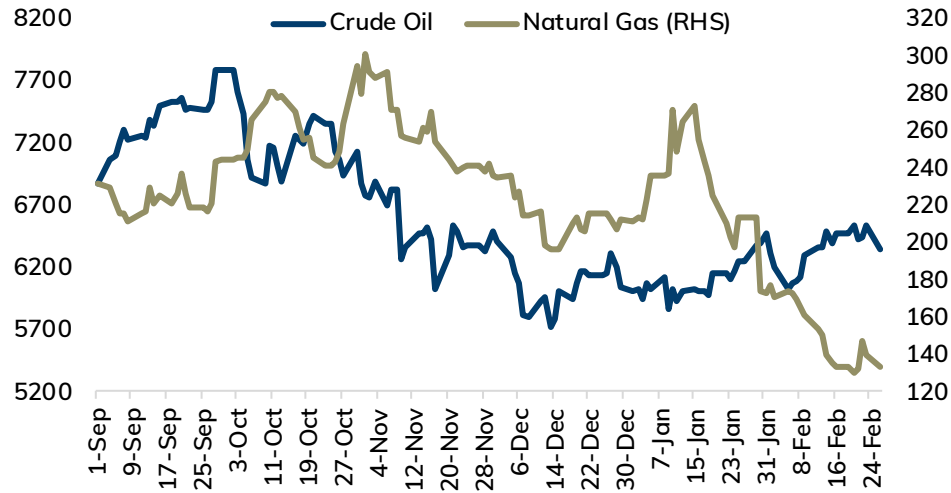
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade lower amid weak industrial demand from China and sluggish growth in the property sector. Further, contraction in the manufacturing activity in the region for the last four consecutive months would also weigh on the metal. Meanwhile, depleting LME inventories would provide some cushion to the prices.
- MCX Copper March is expected to face the hurdle near 736 and dip towards 726. Only close below 726 it would weaken towards 722.
- Aluminum March future is expected to dip towards 195, as long as it trades under the 200 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move south towards \$75 amid demand concerns from China. Further, diminishing prospects of early rate cut by the Fed and higher crude oil production from US would weigh on the oil prices. Meanwhile, supply disruption due to unrest in the Mideast and tension in the Red Sea would prevent sharp fall in prices.
- MCX Crude oil March is expected to dip towards 6280, as long as it trades under 6480. Close below 6280 would weaken further towards 6150.
- MCX Natural gas March futures is expected to find support near 140 and move higher towards 155 on the prospects of production cut by major producers in US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61692	62019	62203	62530	62714
Silver	69546	70013	70261	70728	70976
Copper	720.4	723.2	725.2	728.0	730.0
Aluminium	190.0	192.6	196.6	199.3	203.3
Zinc	211.0	213.7	216.2	218.9	221.4
Lead	174.5	175.4	176.9	177.7	179.2
Crude Oil	6244	6299	6398	6453	6552
Nat Gas	136	140	145	149	154

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.80	82.87	82.92	82.98	83.03
US\$INR (Mar)	82.86	82.94	82.99	83.06	83.11
EURINR (Feb)	89.63	89.72	89.78	89.87	89.93
EURINR (Mar)	89.79	89.88	89.93	90.01	90.07
GBPINR (Feb)	104.79	104.96	105.07	105.24	105.35
GBPINR (Mar)	104.86	105.03	105.14	105.31	105.41
JPYINR (Feb)	55.00	55.04	55.10	55.14	55.19
JPYINR (Mar)	55.31	55.37	55.44	55.50	55.58

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.94	103.96	-0.02%
US\$INR	82.95	82.85	0.13%
EURUSD	1.0821	1.0823	-0.02%
EURINR	89.73	89.91	-0.21%
GBPUSD	1.2672	1.2660	0.09%
GBPINR	104.98	105.01	-0.03%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.076	7.068	0.008
US	4.248	4.321	-0.0727
Germany	2.363	2.440	-0.077
UK	4.037	4.105	-0.068
Japan	0.720	0.720	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
2/22/2024	9:30 PM	3.5M	3.9M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	122900	125	0.10%
Aluminium	580275	19600	3.50%
Zinc	268600	-100	-0.04%
Lead	173800	-1800	-1.03%
Nickel	70308	-54	-0.08%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 26, 2024						
8:30 PM	US	New Home Sales	-	680K	664K	Medium
Tuesday, February 27, 2024						
12:30 PM	Europe	German GfK Consumer Climate	-	-29	-29.7	Medium
7:00 PM	US	Durable Goods Orders m/m	-	-4.70%	0.00%	Medium
7:30 PM	US	S&P/CS Composite-20 HPI y/y	-	6%	5.40%	Medium
8:30 PM	US	CB Consumer Confidence	-	114.8	114.8	High
8:30 PM	US	Richmond Manufacturing Index	-	-4	-15	Medium
Wednesday, February 28, 2024						
7:00 PM	US	Prelim GDP q/q	-	3.30%	3.30%	High
7:00 PM	US	Prelim GDP Price Index q/q	-	1.50%	1.50%	High
9:00 PM	US	Crude Oil Inventories	-	-	3.5M	Medium
Thursday, February 29, 2024						
12:30 PM	Europe	German Retail Sales m/m	-	0.50%	-1.60%	Medium
12:30 PM	Europe	German Prelim CPI m/m	-	0.50%	0.20%	High
1:30 PM	Europe	Spanish Flash CPI y/y	-	2.80%	3.40%	Medium
3:30 PM	India	GDP Annual Estimate YoY	-	6.90%	7.30%	High
3:30 PM	India	GDP YoY	-	6.50%	7.60%	High
7:00 PM	US	Core PCE Price Index m/m	-	0.40%	0.20%	High
7:00 PM	US	Unemployment Claims	-	209K	201K	High
7:00 PM	US	Personal Spending m/m	-	0.20%	0.70%	Medium
8:15 PM	US	Chicago PMI	-	47.9	46	Medium
8:30 PM	US	Pending Home Sales m/m	-	1.50%	8.30%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-60B	Medium
Friday, March 01, 2024						
7:00 AM	China	Manufacturing PMI	-	49.1	49.2	High
7:00 AM	China	Non-Manufacturing PMI	-	50.8	50.7	High
7:15 AM	China	Caixin Manufacturing PMI	-	50.7	50.8	High
3:30 PM	Europe	CPI Flash Estimate y/y	-	2.50%	2.80%	Medium
8:30 PM	US	ISM Manufacturing PMI	-	49.5	49.1	High
8:30 PM	US	Revised UoM Consumer Sentiment	-	79.6	79.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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