

January 24, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude oil	February	Buy	6130-6140	6280	6050	Intraday
USDINR	January	Buy	83.05-83.06	83.25	82.95	Intraday

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News and Developments

- Gold prices traded in a tight range on Tuesday as investors awaited key economic numbers from US this week to get more clarity on the Fed's interest rate cut timeline.
- Dollar regained its strength and rallied towards its one month highs at 103.77 amid declining expectation of a rate cut at the Federal reserve's March meeting. Meanwhile, Bank of Japan's ultra-easy monetary policy supported the dollar to trade higher. But the gains were capped after BOJ signaled to normalize policy and exit from negative interest rates.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 40.5% from 46.2% a day ago while, prospects of no rate cut rose to 58.4% from 52.9 % a day ago
- Yield on benchmark US 10-year treasury note rose to 4.14% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.40%.
- NYMEX Crude oil prices recouped most of its earlier losses and edged higher towards the end of the session as production outages in US and tension in the Middle east outweighed the rising crude supply in Libya and Norway.
- Copper prices traded higher on hopes of fresh round of stimulus from China. China's cabinet on Monday pledged to inject more funds to the capital market to stabilize market confidence.
- Aluminium gained yesterday on worries over potential EU sanctions on Russian supply.
- NYMEX natural gas prices remained under pressure on forecasts for lower demand as the weather turns warmer than normal through early February.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61968	-0.06%	2029.28	-0.01%
Silver	70957	-0.70%	22.44	-0.79%
Copper	717.3	-0.07%	8405.00	0.65%
Aluminium	200.2	1.39%	2228.00	2.86%
Zinc	221.8	0.93%	2519.50	2.34%
Lead	179.0	-1.13%	2167.50	2.94%
WTI Crude Oil	6178	1.15%	74.37	1.31%
US Nat Gas	198.0	-6.12%	2.45	-2.74%

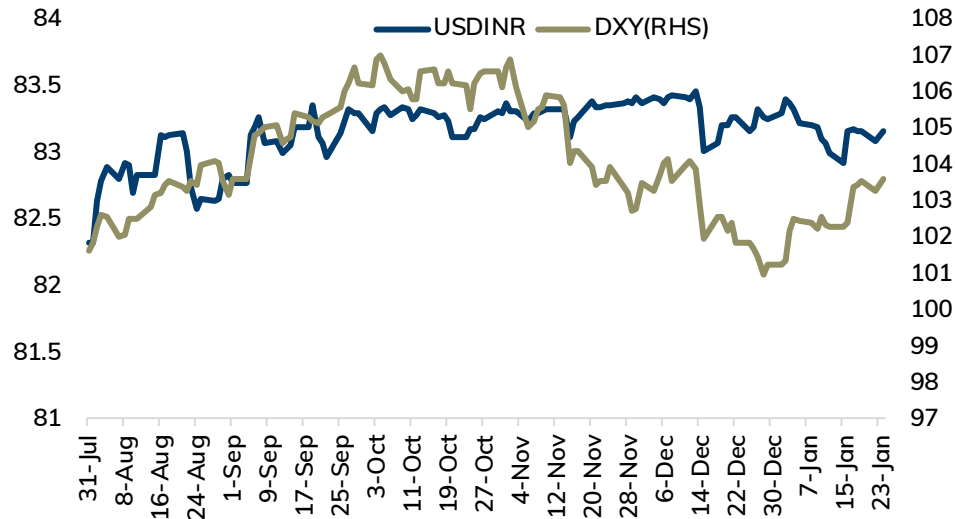
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.17	0.10%	3196251	-262750	2251390	563647
EURINR (29th Jan)	90.43	-0.05%	154321	-9946	122650	24055
GBPINR (29th Jan)	105.66	0.27%	222920	-7673	200561	8603

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude oil	February	Buy	6180-6200	6330	6100	Exit in Loss
USDINR	January	Buy	83.00-83.02	83.20	82.90	Not initiated

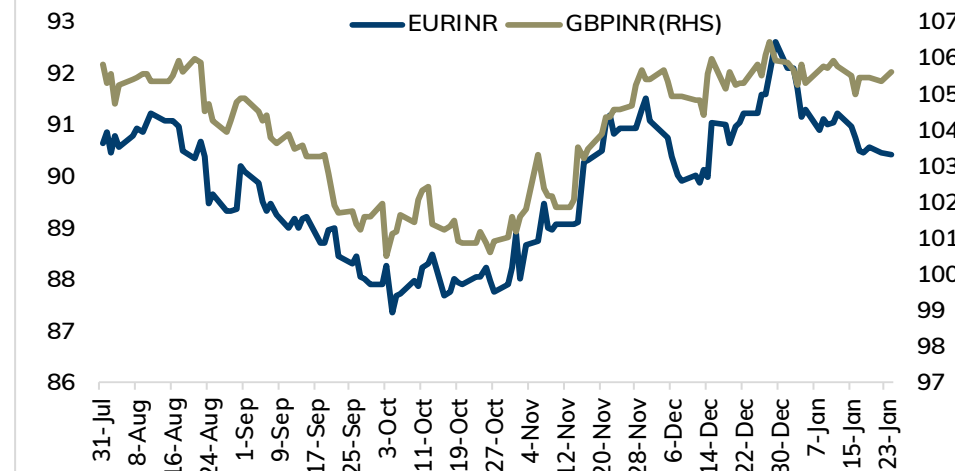
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee edged lower on Monday amid strong dollar and weakness in domestic markets. US dollar index rallied to its one-month high on diminishing hopes of early US rate cut.
- Rupee is likely to trade with weaker bias amid strong dollar and US treasury yields. Diminishing prospects of rate cuts by the Federal reserve in March would support the dollar to hold its gains. Moreover, outflow of funds from the domestic equities would again check the rupee appreciation. Now, investors will remain cautious ahead of key economic numbers from US to reassess the rate cut probability in March. USDINR Jan is likely to consolidate in between 83.00-83.25. Only above 83.25 it would open the doors towards 83.40.

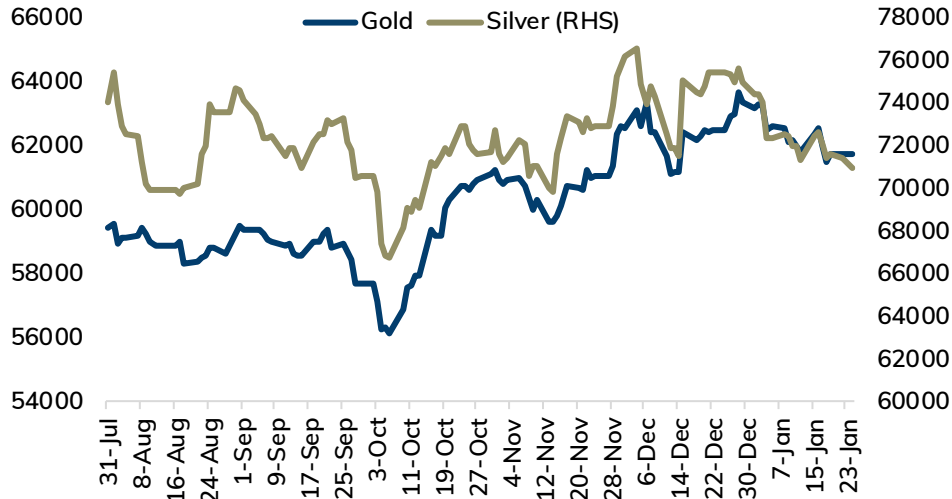
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro traded lower on Monday amid strong dollar and negative Eurozone economic numbers. The Eurozone consumer confidence numbers fell to -16.1 last month. EURUSD is likely to face the hurdle near 1.0880 level and slip towards 1.0810 levels amid expectation weaker manufacturing data in the Eurozone and firmness in the dollar. Meanwhile, investors will await key policy decision from ECB this week to get more clarity on future rate path. EURINR January may dip towards 90.20, as long as it trades under 90.70.
- Pound pared all its gains and slide below 1.2650 amid firm dollar. Further increasing bets that the BOE may shift its guidance to a lower rate track to counter its growth expectations hurt the pair. It is likely to face the hurdle near 1.2730 and weaken further towards 1.2660 amid strong dollar and contraction in the manufacturing activity. GBPINR is likely to test 105.30, as long as it trades under 105.90.

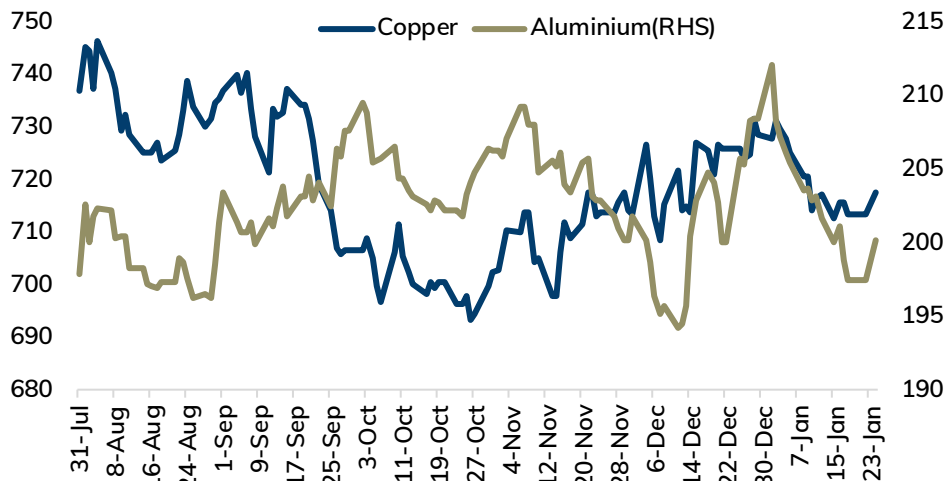
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face hurdle near \$2038 level and move back towards \$2018 level amid strong dollar and rise in US treasury yields. Improved economic numbers from US is likely to check the upside in the bullions. Further, diminishing prospects of imminent rate cuts in March would also weigh the bullions to move towards south. The CME Fed-watch tool indicates below 41% probability of rate cut in March against yesterday's reading of 46.2%. Meanwhile, demand for safe haven may continue to rise on escalating tension in Middle East
- MCX Gold prices is likely to face hurdle near 62,350 level and slip towards 61,800 levels
- MCX Silver is expected to follow gold and slip back towards 70,400 level as long as it sustains below 71,500 level.

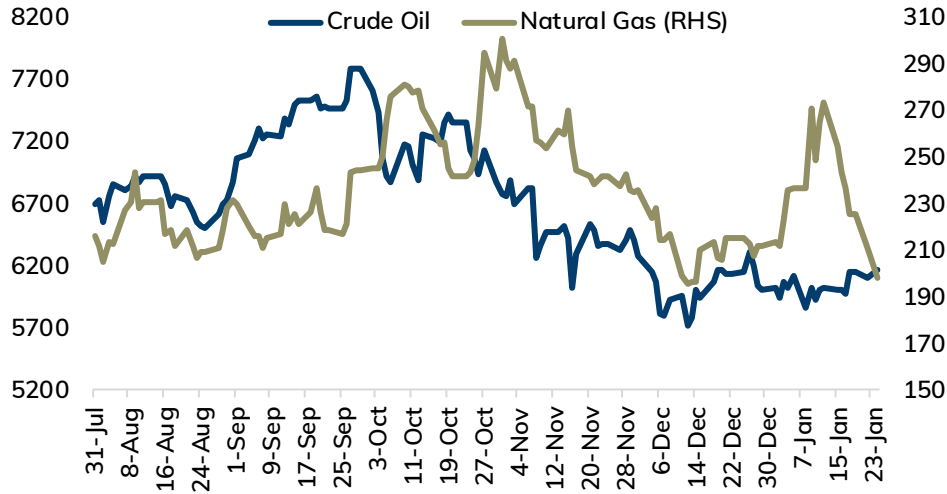
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar and sluggish growth outlook in China. Further, expectation of weaker manufacturing activity in US and Europe would also weigh on the demand outlook of the metal. Meanwhile, depleting stocks in LME and tight supply could lend some support to the metal. Additionally, any new measures from China to support the economy could support the red metal to regain its strength
- MCX Copper February is expected to move in the range of 719 to 727. Only a move above 727 it would rally towards 733.
- Aluminum is expected to trade higher towards 205, as long as it holds above the 200 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move in a tight range amid weak demand and ongoing supply risk. It is likely to find support near \$73 and on the upside \$76 would act as major resistance. Meanwhile, drop in crude oil inventory by 6.674M barrels last week (API Data) would support the oil prices to hold above the \$73 mark. However, sharp upside may be capped on strong dollar, amid growing doubts that major central banks will cut interest rates in first quarter of 2024.
- MCX Crude oil Feb is likely to consolidate in between 6100-6300. Only a move above 6300, it would open the doors towards 6450.
- NYMEX Natural gas is expected to recover some of its losses amid slower than expected outputs and increasing gas flows to the LNG export plants in US. MCX Natural gas is likely to find support near 176 and move higher towards 184.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61588	61778	62001	62191	62414
Silver	70489	70723	70965	71199	71441
Copper	713.4	715.4	717.0	718.9	720.5
Aluminium	193.7	196.9	198.9	202.1	204.1
Zinc	218.3	220.1	221.6	223.3	224.8
Lead	176.0	177.5	179.0	180.5	182.0
Crude Oil	6040	6109	6187	6256	6334
Nat Gas	187	193	198	203	208

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.04	83.10	83.15	83.21	83.26
US\$INR (Feb)	83.12	83.19	83.23	83.29	83.34
EURINR (Jan)	90.15	90.29	90.52	90.66	90.89
EURINR (Feb)	90.33	90.46	90.67	90.80	91.01
GBPINR (Jan)	105.43	105.55	105.72	105.84	106.01
GBPINR (Feb)	105.40	105.57	105.78	105.95	106.15
JPYINR (Jan)	55.79	56.05	56.34	56.61	56.89
JPYINR (Feb)	56.18	56.43	56.70	56.95	57.22

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.54	103.45	0.08%
US\$INR	83.12	83.14	-0.02%
EURUSD	1.0876	1.0883	-0.06%
EURINR	90.48	90.44	0.04%
GBPUSD	1.2706	1.2676	0.24%
GBPINR	105.35	105.43	-0.07%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.179	7.166	0.013
US	4.142	4.102	0.0401
Germany	2.349	2.316	0.033
UK	3.930	3.985	-0.055
Japan	0.651	0.617	0.034

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	159575	1700	1.08%
Aluminium	548325	-6900	-1.24%
Zinc	197600	-4450	-2.20%
Lead	110350	-1875	-1.67%
Nickel	69438	-138	-0.20%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 22, 2024						
6:50 AM	China	5-y Loan Prime Rate	4.20%	4.20%	4.20%	Medium
Tuesday, January 23, 2024						
Tentative	Japan	BOJ Policy rate	-0.1%	-0.1%	-0.1%	High
8:30 PM	US	Richmond Manufacturing Index	-15.0	-7.0	-11.0	Medium
Wednesday, January 24, 2024						
2:30 PM	Europe	Flash Manufacturing PMI			44.4	Medium
2:30 PM	Europe	Flash Services PMI			44.4	Medium
3:00 PM	UK	Flash Manufacturing PMI			46.4	High
3:00 PM	UK	Flash Services PMI			53.4	High
8:15 PM	US	Flash Manufacturing PMI			47.9	High
8:15 PM	US	Flash Services PMI			51.4	High
9:00 PM	US	Crude oil Inventories			(-2.5)M	Medium
Thursday, January 25, 2024						
2:30 PM	Europe	German ifo Business Climate			86.40	Medium
6:45 PM	Europe	Main Refinancing Rate		4.5%	4.5%	High
7:00 PM	US	Advance GDP q/q			4.9%	High
7:00 PM	US	Unemployment Claims			187k	High
7:00 PM	Europe	ECB Press Conference			-	High
8:30 PM	US	New Home Sales			590k	Medium
Friday, January 26, 2024						
12:30 AM	Europe	German GfK Consumer Climate			-25.1	Medium
7:00 PM	US	Core PCE Price Index m/m			0.1%	High
8:30 PM	US	Pending Home Sales m/m			0.0%	Medium



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