

February 7, 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
Crude Oil	February	Buy	6030-6040	6180	5950	Intraday
EURINR	February	Buy	89.48-89.50	89.90	89.30	Intraday

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## News and Developments

- Spot gold prices regained its ground and rallied towards \$2035 due to pullback in the US dollar and treasury yields. Meanwhile, investors awaited comments from the FOMC members to get further clarity on the timing of the first interest rate cut.
- The US dollar index dipped to 104.10 but remained near its two month highs in the wake of recent strong economic data and Fed chairs hawkish stance. Recent comments from the Fed member Mester was also hawkish, as she emphasized not begin cutting interest rates in a hurry.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March rose to 20% from 15% a day ago while, prospects of no rate cut dipped to 80% from 85% a day ago
- US 10-year treasury yields dipped to 4.10% and 2-year treasury yield, which typically moves in step with interest rate expectations took a pause and dipped to 4.40% as most investors awaited more data to reassess the timing of the first interest rate cut.
- Crude oil prices witnessed rebound and rose towards the \$73 mark as worsening geopolitical conditions in Russia and Middle East raised supply concerns. Fresh attacks by US forces on the Iran-backed Houthis increased tension in the Middle East. Further, sign of instability between Israel and Hamas also supported the oil prices to trade firm.
- Copper prices edged higher on Tuesday amid softer dollar and lower LME inventory. Copper inventories in LME hit the lowest level in last five months. Additionally, fresh stimulus measures from China to stabilize its markets supported the red metal to trim its earlier losses.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62574	-1.21%	2036.14	0.54%
Silver	70594	0.16%	22.43	0.32%
Copper	717.3	0.18%	8402.00	0.51%
Aluminium	201.8	1.08%	2230.50	0.81%
Zinc	217.6	0.25%	2432.50	0.52%
Lead	180.5	0.14%	2114.00	0.00%
WTI Crude Oil	6084	0.05%	73.31	0.73%
US Nat Gas	171.3	-1.66%	2.01	-3.51%

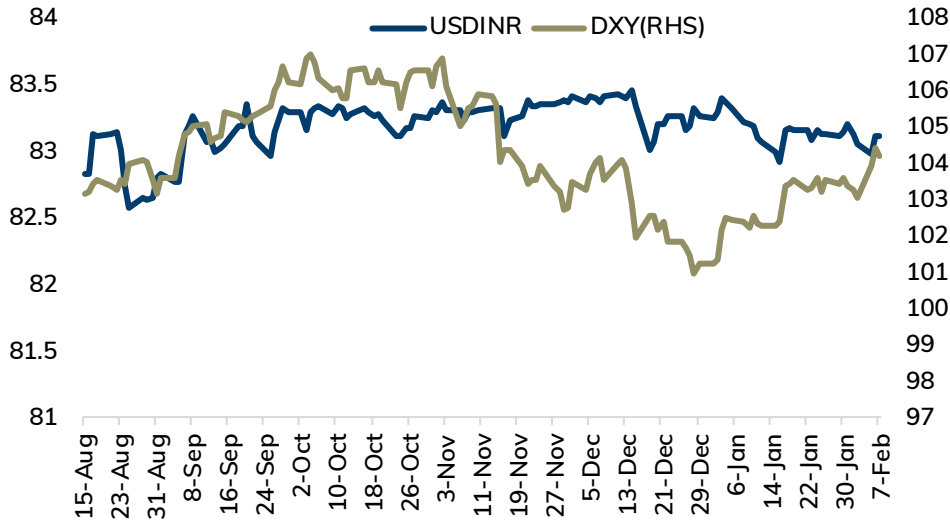
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.11	0.00%	2326388	-14208	832236	-462528
EURINR (27th Feb)	89.30	-0.22%	166724	194	158259	-83340
GBPINR (27th Feb)	104.29	-0.39%	204885	-8474	292177	-235887

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Sell	718.5-719	712	722	Profit Booked
EURINR	February	Sell	89.55-89.57	89.15	89.75	Profit Booked

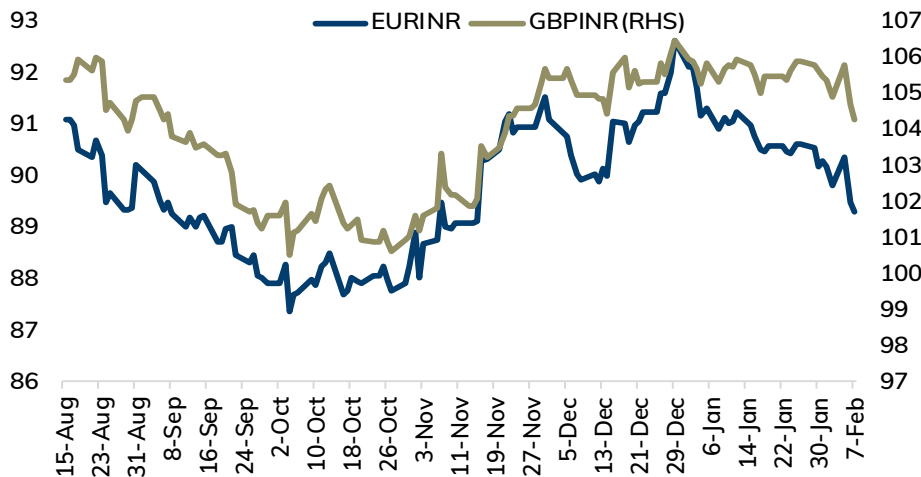
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee ended unchanged yesterday amid mixed cues. Strong dollar and jump in US treasury yields kept pair in narrow range. While, rise in risk appetite in the domestic markets and FII inflows prevented fall in rupee
- Rupee is likely to appreciate today amid correction in dollar and US treasury yields. Yields are moving down as investors await fresh signals on when Fed is likely to begin cutting interest rates. Additionally, market will remain cautious ahead of outcome of RBI monetary policy. Moreover, persistent FII inflows and optimistic domestic market sentiments will support rupee to gain strength. USDINR Feb likely to face hurdle near 83.25 levels and slip back towards 82.95 levels.

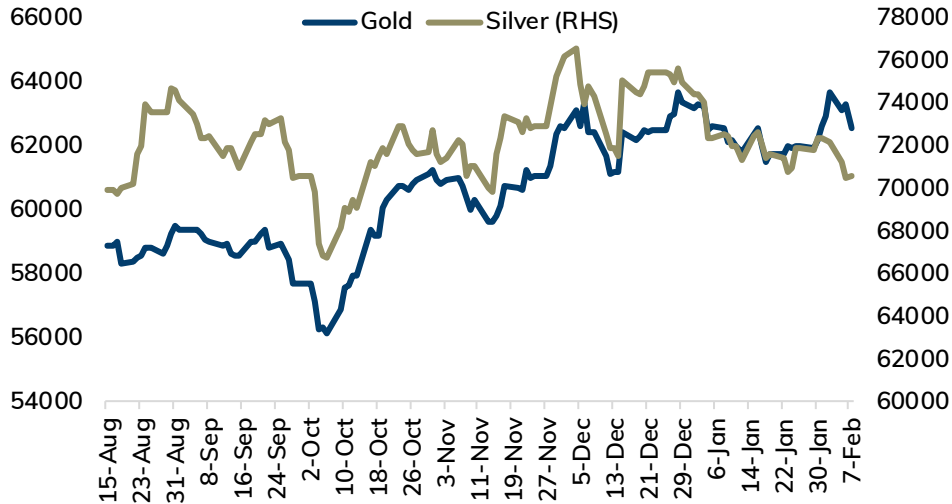
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro rose by 0.11% yesterday amid weak dollar and upbeat German factory data. German factory orders unexpectedly rose by the most in 3½ years. However, sharp upside was capped as Euro Zone Retail sales fell more than expected in December and ECB 1-year inflation expectations eased. For today, EURUSD is likely to hold the support near 1.0720 level and rise back towards 1.0800 level amid soft dollar and optimistic global market sentiments. Meanwhile, investors will remain cautious ahead of economic data from euro zone to gauge economic health of the area. EURINR Feb may rise further towards 89.90 level as long as it trades above 89.30 levels.
- Pound is expected to rise further towards 1.2650 level amid weak dollar and rise in risk appetite in the global markets. Moreover, expectation of improved economic data from Britain will support sterling. GBPINR Feb is likely to move north towards 105.10 level as long as it stays above 104.40 levels.

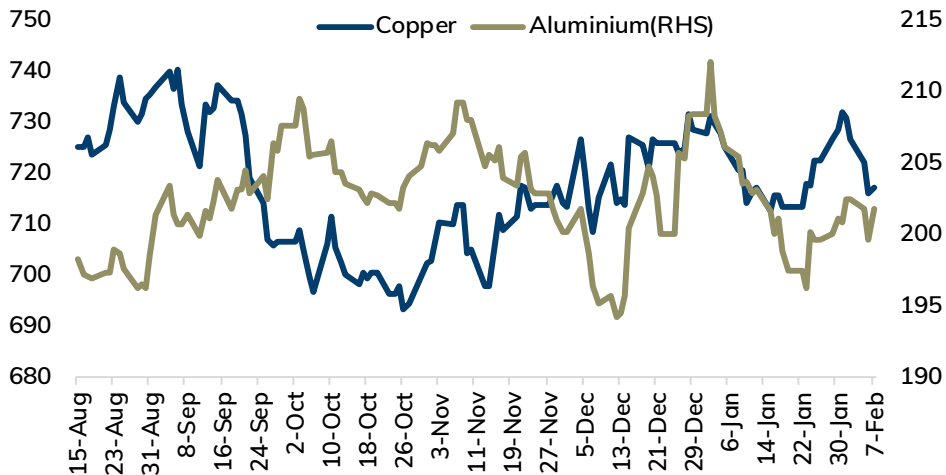
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$2045 level and slip towards \$2020 level as recent hawkish comments from the Fed members and strong US economic numbers has pushed back the expectation of interest rates cuts from March to May. Additionally, liquidation of gold holdings by ETFs would weigh on the metal prices. Meanwhile, investors will keep an eye on comments from other Fed officials to gauge the future interest rate path.
- MCX Gold April price is likely to face hurdle near 62,800 level and slip towards 62,100 levels
- MCX Silver is expected to follow gold and slid further towards 70,000 level as long as it sustains below 71,200 level. Only a move above 71200 it would bring back the bulls into the action.

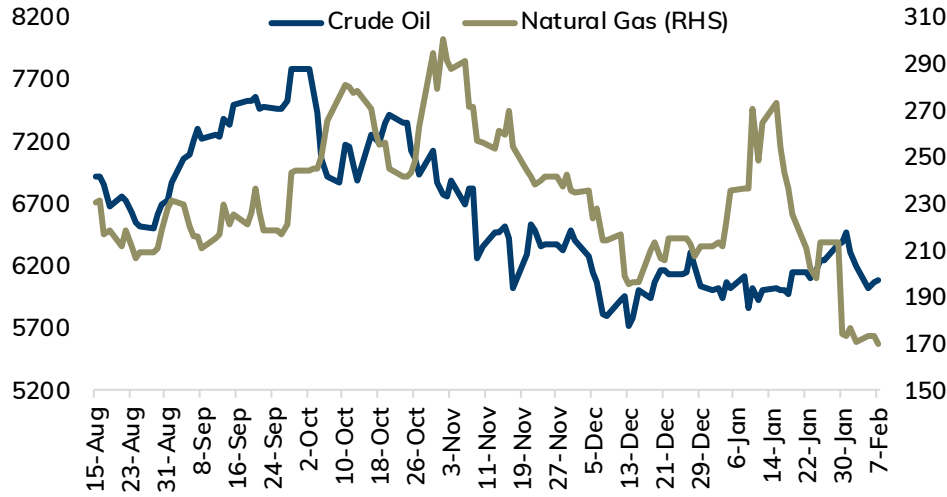
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trim its earlier losses and move back north amid lower LME inventories and supportive measures from China to stabilize the markets. Meanwhile sluggish growth outlook in the top consumer China and contraction in the manufacturing activity in major economies would restrict any major upside in the metal.
- MCX Copper is expected to remain in the range of 712-721 amid mixed set of cues. Only close above 721 it would rise towards 725. On the contrary below 712 it would slip towards 708.
- Aluminum is expected to hold the support at 199 and move higher towards 203.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise towards \$75 amid ongoing geopolitical tension in the Middle East and Russia. Further, less than expected rise in crude oil inventories ( API Data) would also help the prices to move towards \$75. Furthermore, expectation of decline in US crude oil production from the record production in 2024 would also support its gains. Meanwhile, increasing possibility of a truce deal between Israel and Hamas would limit the upside in oil prices.
- MCX Crude oil is likely to move towards 6200, as long as it holds above the 5950 levels. Only close above 6200 would push the price further towards 6300 levels.
- MCX Natural gas is expected to slip further towards 165 level as long as it trades below 176 level. Forecast of warm US winter temperature will check its upside.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62068	62321	62473	62726	62878
Silver	70115	70355	70539	70779	70963
Copper	714.2	715.7	717.2	718.7	720.2
Aluminium	197.7	199.7	201.0	203.0	204.3
Zinc	215.6	216.6	217.7	218.6	219.7
Lead	179.4	180.0	180.8	181.4	182.2
Crude Oil	5971	6027	6082	6138	6193
Nat Gas	166	169	172	174	177

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.06	83.09	83.11	83.14	83.16
US\$INR (Mar)	83.15	83.17	83.19	83.21	83.23
EURINR (Feb)	89.08	89.19	89.37	89.48	89.67
EURINR (Mar)	89.26	89.37	89.55	89.66	89.83
GBPINR (Feb)	104.03	104.16	104.38	104.51	104.72
GBPINR (Mar)	104.22	104.31	104.44	104.53	104.67
JPYINR (Feb)	56.02	56.08	56.17	56.22	56.32
JPYINR (Mar)	56.39	56.44	56.54	56.59	56.69

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.21	104.45	-0.23%
US\$INR	83.06	83.06	-0.01%
EURUSD	1.0755	1.0743	0.11%
EURINR	89.12	89.33	-0.24%
GBPUSD	1.2598	1.2536	0.49%
GBPINR	104.17	104.66	-0.47%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.091	7.095	-0.004
US	4.100	4.158	-0.0579
Germany	2.292	2.316	-0.024
UK	3.950	4.007	-0.057
Japan	0.723	0.725	-0.002

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
12/20/2023	9:00 PM	2.9M	-2.3M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	138800	-625	-0.45%
Aluminium	526750	-4425	-0.83%
Zinc	196775	-500	-0.25%
Lead	134925	4575	3.51%
Nickel	71802	78	0.11%

# 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		-0.40%	-0.70%	Medium
7:00 PM	US	Trade Balance		(-62.3)B	(-63.2)B	Medium
9:00 PM	US	Crude oil Inventories			1.2M	Medium
Thursday, February 08, 2024						
7:00 AM	China	CPI y/y		-0.50%	-0.30%	Medium
7:00 AM	China	PPI y/y		-2.60%	-2.70%	Medium
10:00 AM	India	RBI Interest Rate Decision		6.5%	6.5%	High
7:00 PM	US	Unemployment Claims		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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