

August 1, 2024

# Daily Commodities Outlook

| Daily Recommendations |           |        |             |        |           |            |
|-----------------------|-----------|--------|-------------|--------|-----------|------------|
| Commodity/Index       | Expiry    | Action | Entry       | Target | Stop Loss | Time Frame |
| Gold Mini             | September | Buy    | 69250-69300 | 69900  | 68900     | Intraday   |

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## News and Developments

- Spot gold prices edged higher yesterday gaining more than 1.5%, while Silver rose more than 2% level amid weakness in dollar and softening of US treasury yields. Further, US Fed Chair Powell signaled that if inflation remain in line with expectations than interest rate cuts could be on the table as early as September
- Dollar ended on negative note yesterday losing more than 0.4% on weaker than expected economic data from US. Further, US Federal Reserve as expected kept its fed funds target rate unchanged but opened the door to reducing borrowing costs as soon as its next meeting in September
- The ADP National Employment Report showed private payrolls rose by 122,000 jobs this month, short of the 150,000 of expectations, after advancing by an upwardly revised 155,000 in June
- The US Fed ended its latest two-day policy meeting with a decision to hold its benchmark interest rate steady in the 5.25%-5.50% range that was set a year ago. While, BOJ has raised its benchmark interest by 15 basis points and outlined its plan to taper its bond buying program
- US Treasury yields slipped yesterday as US Fed kept interest rates unchanged as widely expected but signaled the door was open to cut interest rates as soon as its next meeting in September. Yield on benchmark US 10-year treasury note slipped to 4.033%, its lowest level since March 11 and 2-year treasury yield, which typically moves in step with interest rate expectations skid to 4.260%, its lowest since February 2
- Crude oil prices settled higher yesterday gaining more than 4% on weak dollar, escalating tension in Middle East and fall in US crude oil stockpiles
- Copper prices rose yesterday amid weakness in dollar and rise in risk appetite in the global markets. Further, prices rallied on the China's Politburo's pledge to tilt stimulus towards consumers.

Source: Bloomberg, Reuters, ICICI Direct Research

## Price Performance

| Commodity     | LTP (₹) | Change | LTP (\$) | Change |
|---------------|---------|--------|----------|--------|
| Gold          | 69655   | 0.69%  | 2447.60  | 1.53%  |
| Silver        | 83596   | 1.13%  | 29.01    | 2.18%  |
| Copper        | 807.4   | 1.69%  | 9225.00  | 2.82%  |
| Aluminium     | 214.6   | 2.43%  | 2290.50  | 2.97%  |
| Zinc          | 254.2   | 1.21%  | 2675.50  | 1.77%  |
| Lead          | 188.7   | 1.67%  | 2083.50  | 2.38%  |
| WTI Crude Oil | 6524    | 3.69%  | 77.91    | 4.26%  |
| US Nat Gas    | 172.5   | -3.52% | 2.04     | -4.23% |

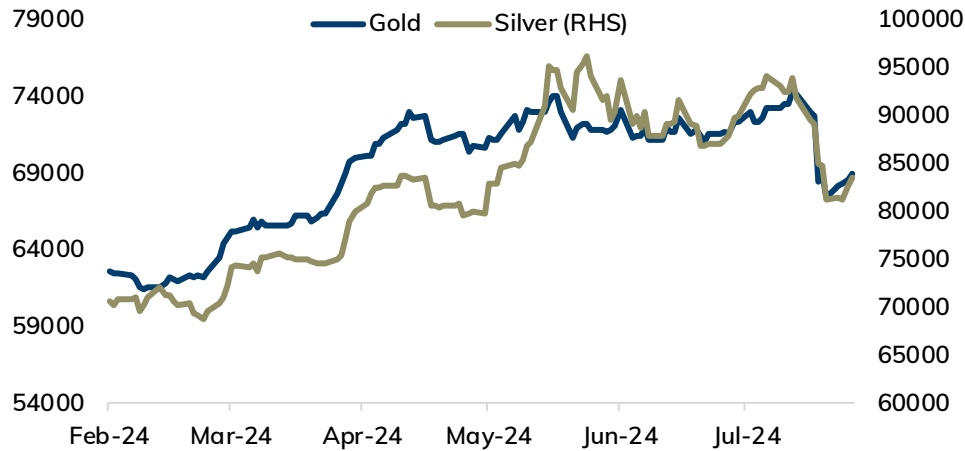
## Domestic Currencies

| Futures              | Close  | % Change | Open Interest | Change in OI | Volume | Change in Vol |
|----------------------|--------|----------|---------------|--------------|--------|---------------|
| USDINR (28th August) | 83.78  | -0.02%   | 873446        | 13878        | 183516 | 73332         |
| EURINR (28th August) | 90.88  | 0.09%    | 20420         | -227         | 1534   | -930          |
| GBPINR (28th August) | 107.60 | -0.02%   | 27864         | -670         | 2770   | 510           |

## Daily Strategy Follow-up

| Commodity/Index | Expiry    | Action | Entry       | Target | Stoploss | Comment       |
|-----------------|-----------|--------|-------------|--------|----------|---------------|
| Gold Mini       | September | Buy    | 68650-68700 | 69500  | 68200    | Not Initiated |

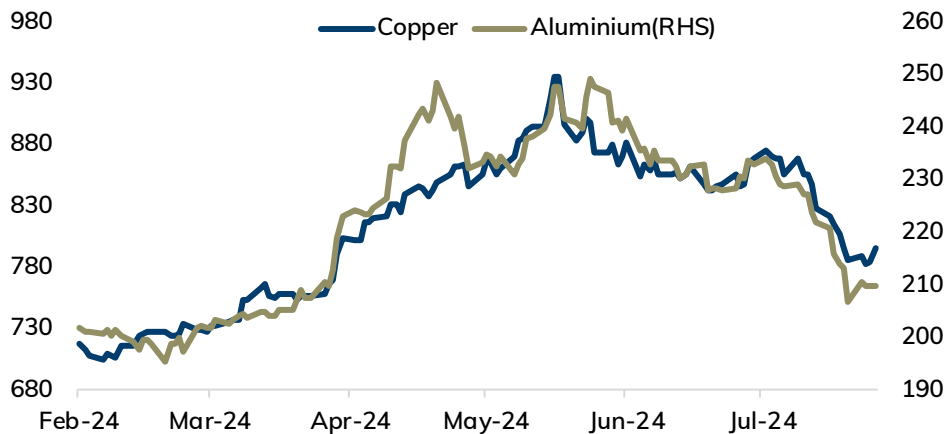
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is expected to rise further towards \$2475 level on weakness in dollar and softening of US treasury yields. Dollar and Yields are moving south as recent economic data indicated a slowing in the labor market and wage growth, making conditions more likely for Fed to start reducing rates. On top of it US Fed in its policy meeting kept rates unchanged as widely expected but signaled possible rate cuts as soon as September as inflation draws closer to its 2% target rate. Furthermore, US ISM Manufacturing PMI data is projected to show that activity in sector contracted for 4<sup>th</sup> consecutive month. Gold is likely to rise further towards \$2475 level as long as it stays above \$2410 level
- MCX Gold Oct is expected to hold the support near 69,150 level and rise further towards 70,000 level. A break above 70,000 level prices may rally further towards 70,600 level
- MCX Silver September is expected to rise further towards 85,300 level as long as it stays above 82,600 level

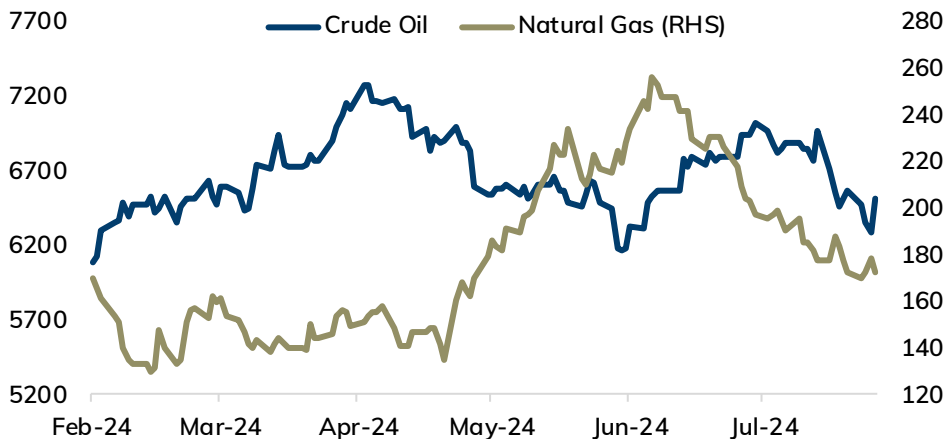
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weakness in dollar and rise in risk appetite in the global markets following US Fed decision to hold interest rates unchanged but opening the door to possible interest rate cuts as soon as September. Additionally, China's leaders pledged to step up support measures and stabilize market confidence at a Politburo meeting. Moreover, weak economic data from China raised odds of further stimulus from government to revive economic growth.
- MCX Copper Aug is expected to rise further towards 200-Day EMA level near 820 as long as it stays above 798 level. A break above 820 level prices may rise further towards 825 level
- Aluminum is expected move north towards 217.50 level as long as it stays above 211.50 level. A break above 217.50 level prices may rise further towards 219 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise back towards \$80 level on weakness in dollar and concern that the conflict in the Middle East could widen after the killing of a Hamas leader in Iran. Additionally, larger than expected drawn down of crude oil inventories will support oil prices. As per EIA figures US crude stocks decreased by 3.4 million barrels last week. Gasoline stocks fell by 3.7M barrels, while distillates inventories increased by 1.5M. Moreover, OPEC+ is expected to stick to their current deal on production and start unwinding some output cuts from October. Further, addition of OI at put strike 78 and 77 would act as strong support levels. NYMEX Crude oil is likely to rise back towards \$80 as long as it trades above \$77.80 level (100-Day EMA)
- MCX Crude oil is likely to move north towards 6700 level as long as it stays above 6400 level
- MCX Natural gas Aug is likely to slip towards 165 level as long as it stays below 178 level.

## Daily Commodity Pivot Levels

| Commodity | S2    | S1    | Pivot | R1    | R2    |
|-----------|-------|-------|-------|-------|-------|
| Gold      | 69288 | 69471 | 69584 | 69767 | 69880 |
| Silver    | 82412 | 83004 | 83482 | 84074 | 84552 |
| Copper    | 792.9 | 800.2 | 805.3 | 812.5 | 817.6 |
| Aluminium | 207.4 | 211.0 | 213.2 | 216.8 | 219.0 |
| Zinc      | 250.5 | 252.3 | 253.9 | 255.7 | 257.3 |
| Lead      | 184.5 | 186.6 | 187.8 | 189.9 | 191.1 |
| Crude Oil | 6268  | 6396  | 6466  | 6594  | 6664  |
| Nat Gas   | 165   | 169   | 175   | 178   | 184   |

## Daily Currency Pivot Levels

| Futures       | S2     | S1     | Pivot  | R1     | R2     |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Aug) | 83.73  | 83.75  | 83.79  | 83.81  | 83.85  |
| US\$INR (Sep) | 83.83  | 83.86  | 83.88  | 83.90  | 83.92  |
| EURINR (Aug)  | 90.61  | 90.75  | 90.82  | 90.96  | 91.03  |
| EURINR (Sep)  | 90.74  | 90.85  | 90.90  | 91.00  | 91.05  |
| GBPINR (Aug)  | 107.37 | 107.49 | 107.59 | 107.71 | 107.81 |
| GBPINR (Sep)  | 107.55 | 107.60 | 107.65 | 107.70 | 107.75 |
| JPYINR (Aug)  | 54.00  | 54.91  | 55.43  | 56.34  | 56.85  |
| JPYINR (Sep)  | 54.56  | 55.21  | 55.55  | 56.20  | 56.54  |

# Key Parameters

## Major Currency Pairs

| Currencies | Close  | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY        | 104.17 | 103.75     | 0.41%    |
| US\$INR    | 83.66  | 83.59      | 0.08%    |
| EURUSD     | 1.0897 | 1.0939     | -0.38%   |
| EURINR     | 91.45  | 91.10      | 0.39%    |
| GBPUSD     | 1.2944 | 1.3009     | -0.50%   |
| GBPINR     | 108.67 | 108.40     | 0.25%    |

## 10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change |
|---------|-------|------------|--------|
| India   | 6.967 | 6.963      | 0.00   |
| US      | 4.202 | 4.158      | 0.01   |
| Germany | 2.432 | 2.421      | 0.00   |
| UK      | 4.064 | 4.076      | 0.00   |
| Japan   | 1.042 | 1.041      | 0.00   |

## US Crude Stocks Change (Barrels)

| Release Date | Time (IST) | Actual | Forecast |
|--------------|------------|--------|----------|
| 7/17/2024    | 8:00 PM    | -4.9M  | -0.9M    |
| 7/10/2024    | 8:00 PM    | -3.4M  | 0.7M     |
| 7/3/2024     | 8:00 PM    | -12.2M | -0.4M    |
| 6/26/2024    | 8:00 PM    | 3.6M   | -2.6M    |
| 6/20/2024    | 8:30 PM    | -2.5M  | -2.8M    |
| 6/12/2024    | 8:00 PM    | 3.7M   | -1.2M    |
| 6/5/2024     | 8:00 PM    | 1.2M   | -2.1M    |

## LME Warehouse Stocks (Tonnes)

| Commodity | Current Stock | Change in Stock | % Change |
|-----------|---------------|-----------------|----------|
| Copper    | 227425        | 6325            | 2.86%    |
| Aluminium | 963825        | -525            | -0.05%   |
| Zinc      | 242600        | -3500           | -1.42%   |
| Lead      | 208425        | 675             | 0.32%    |
| Nickel    | 101820        | 234             | 0.23%    |

# Economic Calendar

| Date & Time (IST)         | Country | Data & Events                  | Actual  | Expected | Previous | Impact |
|---------------------------|---------|--------------------------------|---------|----------|----------|--------|
| Monday, July 29, 2024     |         |                                |         |          |          |        |
| 2:30 PM                   | UK      | CBI Realized Sales             | -43.00  | -20.00   | -24.00   | Medium |
| Tuesday, July 30, 2024    |         |                                |         |          |          |        |
| All Day                   | Europe  | German Prelim CPI m/m          | 0.30%   | 0.30%    | 0.20%    | Medium |
| 6:30 PM                   | US      | S&P/CS Composite-20 HPI y/y    | 6.80%   | 7.40%    | 7.20%    | Medium |
| 7:30 PM                   | US      | CB Consumer Confidence         | 100.3   | 99.80    | 100.40   | High   |
| 7:30 PM                   | US      | JOLTS Job Openings             | 8.18M   | 8.02M    | 8.23M    | High   |
| Wednesday, July 31, 2024  |         |                                |         |          |          |        |
| 7:00 AM                   | China   | Manufacturing PMI              | 49.4    | 49.3     | 49.5     | High   |
| Tentitive                 | Japan   | BOJ Policy Rate                | <0.25%  | -        | <0.1%    | High   |
| 2:30pm                    | Europe  | CPI Flash Estimate y/y         | 2.60%   | 2.40%    | 2.50%    | High   |
| 6:00 PM                   | US      | ADP Non-Farm Employment Change | 122K    | 147k     | 150k     | High   |
| 7:30 PM                   | US      | Pending Home Sales m/m         | 4.80%   | 1.60%    | -2.10%   | High   |
| 8:00 PM                   | US      | Crude Oil Inventories          | (-3.4)M | (-1.6)M  | (-3.7)M  | Medium |
| 11:30 PM                  | US      | Federal Funds Rate             | 5.50%   | 5.50%    | 5.50%    | High   |
| 11:30 PM                  | US      | FOMC Statemenet                | -       | -        | -        | High   |
| Thursday, August 01, 2024 |         |                                |         |          |          |        |
| 4:30 PM                   | UK      | Official Bank Rate             |         | 5.00%    | 5.25%    | High   |
| 6:00 PM                   | US      | Unemployment Claims            |         | 239K     | 235K     | High   |
| 7:30 PM                   | US      | ISM Manufacturing PMI          |         | 48.8     | 48.5     | High   |
| 8:00 PM                   | US      | Natural Gas Storage            |         | -        | 22B      | Medium |
| Friday, August 2, 2024    |         |                                |         |          |          |        |
| 6:00 PM                   | US      | Average Hourly Earnings m/m    |         | 0.30%    | 0.30%    | High   |
| 6:00 PM                   | US      | Non-Farm Employment Change     |         | 177K     | 206K     | High   |
| 6:00 PM                   | US      | Unemployment Rate              |         | 4.10%    | 4.10%    | High   |



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