

February 22, 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
Copper	March	Buy	728-728.50	735	724	Intraday
EURINR	February	Buy	89.63-89.65	90.00	89.45	Intraday

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## News and Developments

- Spot gold prices edged higher yesterday amid softness in the dollar and safe haven buying but faced stiff resistance near \$2030 as the latest FOMC minutes indicated most of the members were worried about cutting rates too soon. The minutes also revealed a broad uncertainty regarding how long borrowing costs should remain at their current level.
- The US dollar index edged lower yesterday after the US weekly MBA mortgage application fell -10.6%. Losses in the dollar were limited by hawkish minutes of the last FOMC meeting and comments from the Fed members to hold the rates higher.
- US 10-year treasury yields rose to 4.31% and 2-year treasury yield, which typically moves in step with interest rate edged past 4.67%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 6.5% and prospects of rate cut in May slide below 29% against 32% a day ago
- Crude oil prices recovered from its early losses and ended the session on a higher note amid tightness in the physical market. Persistent geopolitical tension in the Middle east led to supply disruption and increased the premiums in oil prices. Further, increasing demand of oil products also supported the oil futures to hold firm. Meanwhile, more than expected rise in API inventory data checked its upside.
- Copper prices hit its highest level in three weeks amid softness in the dollar and hopes of pick-up in demand from top metal consumer China.
- NYMEX natural gas prices jumped more than 12% yesterday after one of the biggest US gas producers plans to cut its gas output by 20% this year.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62108	-0.09%	2025.99	0.08%
Silver	70609	-0.91%	22.89	-0.52%
Copper	726.6	0.20%	8542.00	0.49%
Aluminium	199.3	0.00%	2219.50	1.19%
Zinc	213.4	0.64%	2394.50	0.65%
Lead	178.7	0.85%	2077.50	1.44%
WTI Crude Oil	6447	0.26%	77.91	-0.35%
US Nat Gas	155.9	12.24%	1.77	12.50%

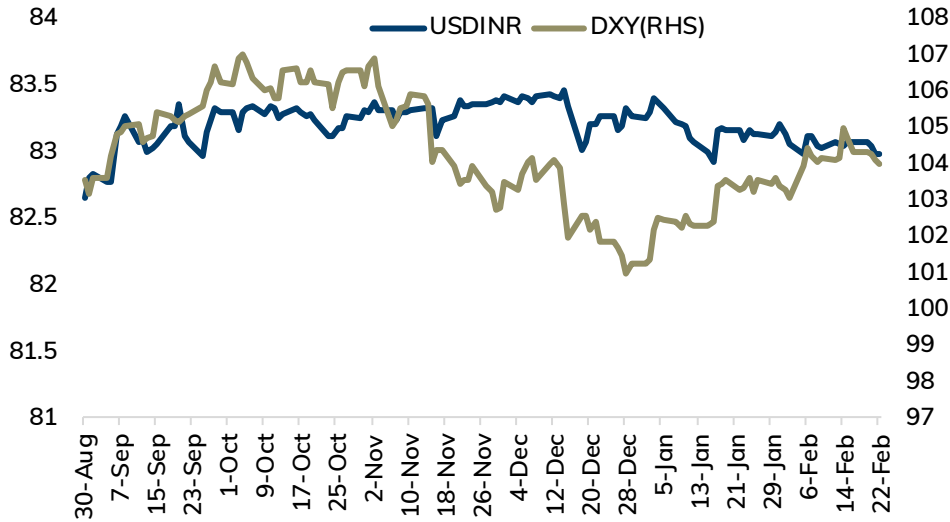
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.98	-0.01%	2358979	-125161	1281983	85969
EURINR (27th Feb)	89.64	0.00%	133527	-8912	76707	-48926
GBPINR (27th Feb)	104.67	0.11%	187567	-69	147880	4623

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	March	Buy	726-727	734	723	Not Initiated
EURINR	February	Buy	89.58-89.60	90.00	89.40	Exit in Profit

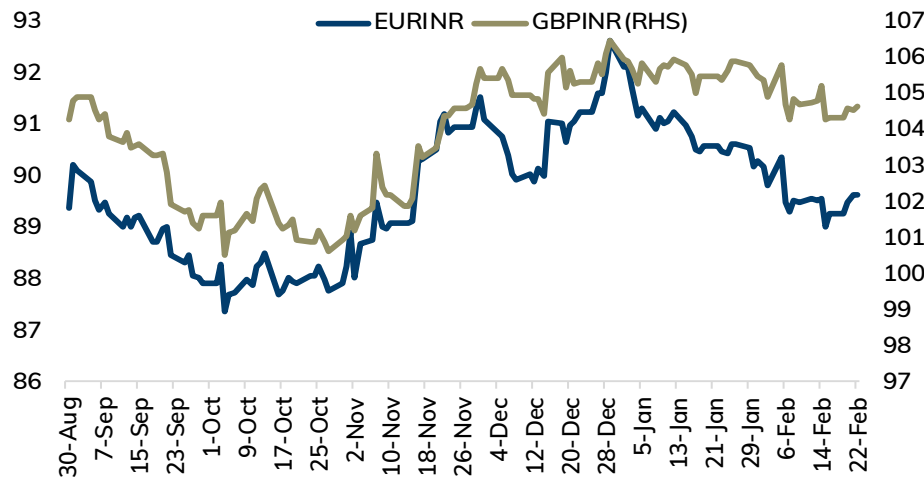
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated marginally yesterday amid soft dollar ahead of FOMC meeting minutes. However, dollar demand from importers, eroded the local unit's gains.
- Rupee is likely to appreciate further amid soft dollar. Dollar is moving south as investors await slew of economic data from major countries to gauge economic health and what that may mean for global interest rate outlook. Meanwhile, sharp gains may be prevented as FOMC meeting minutes signaled that most of the policymakers were concerned about the risk of cutting interest rates too soon and caution that they want to see more evidence that price pressure will continue to ease. Traders have pushed back expectations on when the Fed will begin cutting rates to June. USDINR Feb likely to slip towards 82.85 levels as long as it sustains below 83.06 level

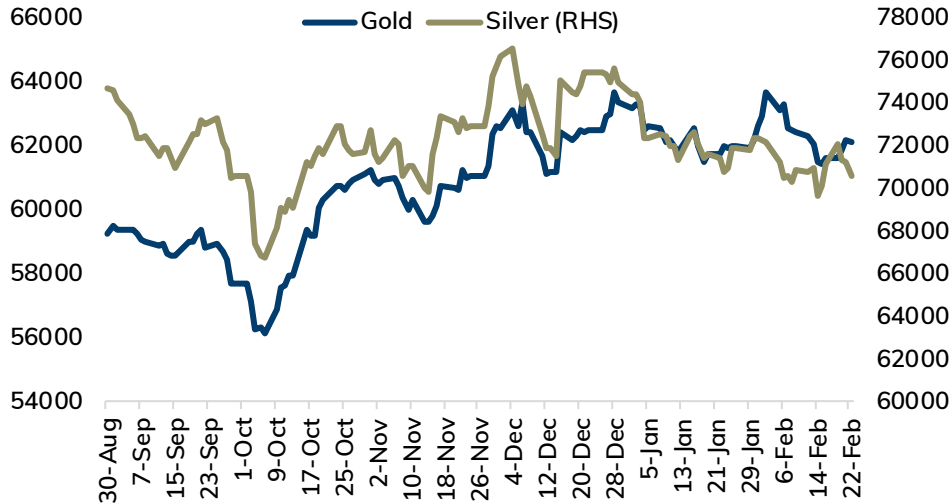
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro gained by 0.11% yesterday amid weak dollar and hawkish comments from ECB Governing Council member Wunsch. Further, rise in euro zone consumer confidence supported single currency. For today, EURUSD is likely to hold the support near 1.0790 level and rise towards 1.0840 level amid weak dollar and as ECB officials have been steadfastly pushing back against market expectation of early rate cuts. Meanwhile, sharp upside may be capped as PMI data is likely to show that activity in manufacturing and services sector continued to contract. EURINR Feb may rise towards 90.0 level as long as it trades above 89.40 levels
- Pound is expected to rise further towards 1.2670 level amid weak dollar. Meanwhile, investors will remain cautious ahead of PMI data to gauge economic health of the country and get fresh cues on interest rate outlook. GBPINR Feb is likely to move north towards 104.90 level as long as it stays above 104.40 levels

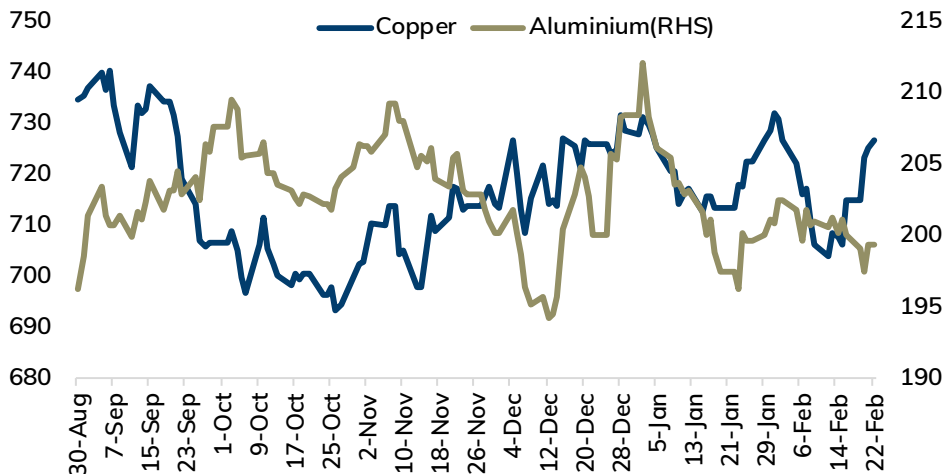
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is expected to find support near \$2015 and move higher towards \$2036 amid softer US dollar and decline in treasury yields. Increasing prospects rate cut in June would support the bullions. Further, safe haven buying amid the ongoing tension in the Mideast and expectation of weaker economic numbers from US would support the bullions to trade higher.
- MCX Gold April price is expected to find support near 61,800 and move towards 62,400. Above 62,400 it would rise towards 62,800. On the flip side only close below 61,800 it would turn weaker and slide towards 61,400.
- MCX Silver is expected to find support near 70,200 and rebound towards 71,800. Only a sustained move below 70,200, would weaken towards 69,600.

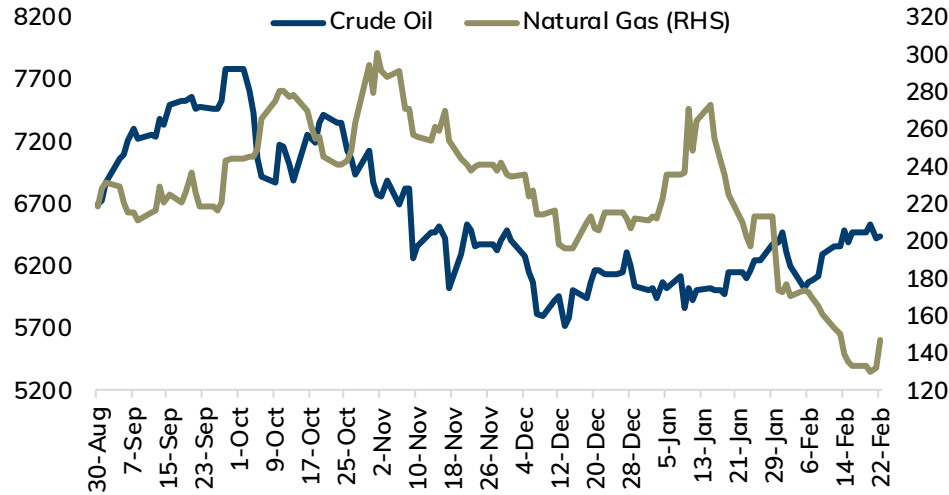
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to hold its gains and move higher amid tightness in the physical market and softness in the dollar. Further, hopes of more economic support from China will increase the industrial activity and support the red metal to trade firm. Depleting LME inventories and increasing supply worries would also support the metals to hold firm. Meanwhile, focus will remain on manufacturing and housing data from US.
- MCX Copper March is expected to hold the 20 day EMA at 726 and rise towards 736. Only a sustained move above 736 would push the price towards 740.
- Aluminum March future is expected to find support near 200 and move higher towards 203.50 on renewed concerns over US sanction on Russian aluminum.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise towards \$79 amid increasing supply concerns due to unrest in the Mideast as Israel continues to push back on proposed ceasefire agreement. Houthi attacks on the vessels in the Red Sea has kindled the tensions again, which might support the oil prices to stay above the \$76 mark. Meanwhile, forecast of rise in weekly crude oil inventory levels could check its upside.
- MCX Crude oil March is expected to find support near 6340 and move higher towards 6520. Only a move above 6520 it would open the doors towards 6640. On the contrary, below 6340 it would slide towards 6200.
- MCX Natural gas is expected to find support near 140 and move higher towards 154 on the prospects of production cut by major producers in US.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61919	62014	62146	62241	62373
Silver	69942	70275	70868	71201	71794
Copper	722.6	724.6	727.1	729.1	731.6
Aluminium	196.1	197.7	199.9	201.5	203.6
Zinc	211.6	212.5	213.7	214.6	215.7
Lead	176.7	177.7	178.3	179.2	179.8
Crude Oil	6290	6368	6422	6500	6554
Nat Gas	138	147	152	161	165

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.85	82.91	82.95	83.02	83.06
US\$INR (Mar)	82.93	82.99	83.03	83.09	83.12
EURINR (Feb)	89.47	89.55	89.65	89.73	89.83
EURINR (Mar)	89.62	89.70	89.79	89.87	89.97
GBPINR (Feb)	104.48	104.57	104.69	104.78	104.90
GBPINR (Mar)	104.55	104.64	104.76	104.85	104.97
JPYINR (Feb)	55.23	55.31	55.38	55.45	55.52
JPYINR (Mar)	55.58	55.65	55.71	55.79	55.85

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.01	104.08	-0.07%
US\$INR	82.97	82.97	0.00%
EURUSD	1.0819	1.0808	0.10%
EURINR	89.62	89.60	0.02%
GBPUSD	1.2638	1.2623	0.12%
GBPINR	104.64	104.57	0.06%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.053	7.061	-0.008
US	4.319	4.275	0.0434
Germany	2.450	2.373	0.077
UK	4.103	4.041	0.062
Japan	0.726	0.734	-0.008

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
1/4/2024	9:00 PM	-5.5M	-3.2M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	124075	-1850	-1.47%
Aluminium	562125	-2550	-0.45%
Zinc	269100	-300	-0.11%
Lead	177100	-1400	-0.78%
Nickel	70296	-24	-0.03%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 19, 2024						
5:31 AM	UK	Rightmove HPI m/m	0.90%	-	1.30%	Medium
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, February 20, 2024						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.45%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	3.95%	4.10%	4.10%	Medium
3:45 PM	UK	Monetary Policy Report Hearings	-	-	-	Medium
Wednesday, February 21, 2024						
4:30 PM	UK	CBI Industrial Order Expectations	-20	-27	-30	Medium
6:30 PM	US	FOMC Member Bostic Speaks	-	-	-	Medium
8:30 PM	Europe	Consumer Confidence	-16	-16	-16	Medium
Thursday, February 22, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.5	43.1	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	46.1	45.5	High
2:30 PM	Europe	Flash Manufacturing PMI	-	47	46.6	High
3:00 PM	UK	Flash Manufacturing PMI	-	47.5	47	High
7:00 PM	US	Unemployment Claims	-	217K	212K	High
8:15 PM	US	Flash Manufacturing PMI	-	50.1	50.7	High
8:15 PM	US	Flash Services PMI	-	52	52.5	High
8:30 PM	US	Existing Home Sales	-	3.97M	3.78M	Medium
9:00 PM	US	Natural Gas Storage	-	-	-49B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	12.0M	Medium
Friday, February 23, 2024						
12:30 PM	Europe	German Final GDP q/q	-	-0.30%	-0.30%	Medium
2:30 PM	Europe	German ifo Business Climate	-	85.5	85.2	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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