

March 27, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	April	Sell	152-152.50	145	156	Intraday
USDINR	April	Sell	83.40-83.41	83.20	83.50	Intraday

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## News and Developments

- Spot gold prices ended on the positive note gaining more than 0.3% yesterday amid retreat in US treasury yields. Further, prices moved higher on expectations that US Fed will go for first rate cut in June. Moreover, prices also continued to find support from elevated physical demand from Chinese households and Central bank purchases. However, gold failed to close above \$2200 levels amid strong dollar
- Dollar index recovered its earlier losses and closed on the positive note gaining 0.07% yesterday after data showed that orders for long-lasting US manufactured goods increased more than expected in February. However, further upside was capped as consumer confidence unexpectedly declined
- Orders for durable goods rose 1.4% last month, but data for January was revised lower to show orders falling 6.9% instead of the previously reported 6.2%. CB consumer confidence index unexpectedly fell to a 4-month low of 104.7, weaker than expectations of an increase to 107.0
- As per CME Fedwatch tool, expectations for Fed to cut rate in June slipped to 63.5% from 63.7% a day ago while, prospects of no rate cut declined to 29.2% from 29.9% a day ago
- U.S. Treasury yields retreated after strong demand at an auction of \$67 billion in five-year notes. Yield on benchmark US 10-year treasury note slipped to 4.234% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.595%.
- Crude oil prices ended on negative note as strong dollar overshadowed expectations for tighter supplies. Moreover, UN Security Council voted in favor of a resolution calling for an immediate ceasefire between Israel and Hamas in the Gaza strip
- Copper prices ended on the negative note amid strong dollar and as investors await for signals that demand was recovering in top metals consumer China

Source: Bloomberg, Reuters, ICICI Direct Research

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	66114	0.14%	2178.80	0.32%
Silver	74518	-0.54%	24.46	-0.92%
Copper	755.7	-0.15%	8862.00	-0.12%
Aluminium	208.9	-1.04%	2303.50	-0.97%
Zinc	215.9	-1.26%	2442.00	-2.14%
Lead	175.8	-0.14%	2020.00	-0.71%
WTI Crude Oil	6817	-0.10%	81.62	-0.40%
US Nat Gas	150.7	-0.13%	1.58	-2.48%

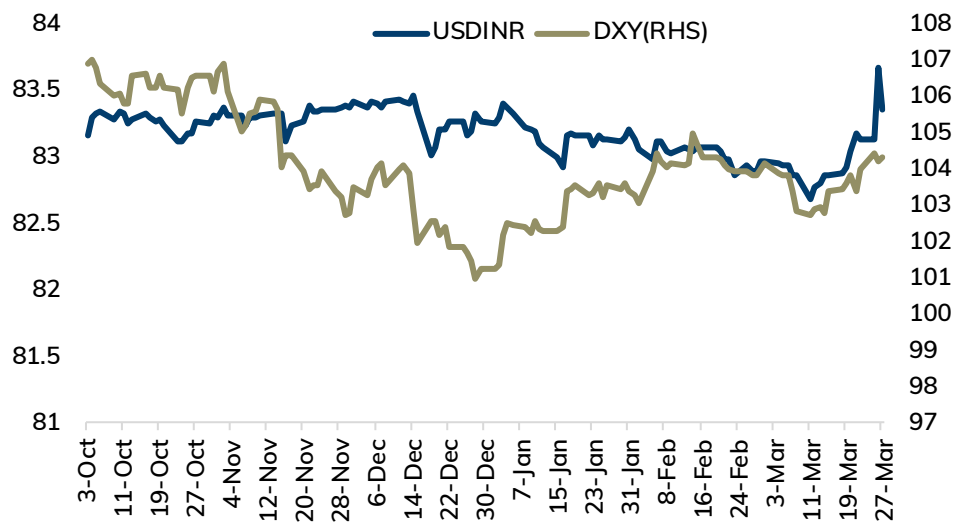
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Apr)	83.36	-0.38%	1582043	-426782	2381193	-2756943
EURINR (26th Apr)	90.43	-0.07%	24021	-33787	58564	-79538
GBPINR (26th Apr)	105.45	0.16%	45789	-51034	86417	-241858

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	April	Buy	757.50-758	764	754	Exit at cost
USDINR	April	Sell	83.65-83.66	83.35	83.78	Not Initiated

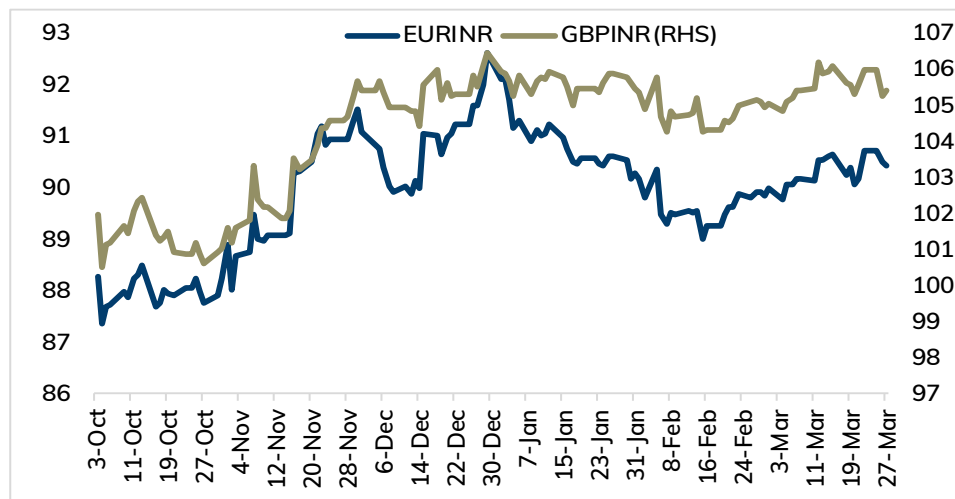
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated to 83.30 on Tuesday amid fresh bout of intervention from RBI and stronger Asian currencies. Further, strong domestic growth and higher forex reserves supported the Rupee to trim its last week's losses.
- Rupee is expected to appreciate again on expectation of further intervention by RBI. Weaker set of economic numbers from US would weigh on the dollar. Moreover, improved risk appetite and improved inflows into the domestic markets would help the rupee to appreciate against the dollar. Improved current account deficit numbers, which narrowed to \$10.5 billion in last quarter would also support the rupee to regain its strength. USDINR April is likely to face the hurdle near 83.50 and move back towards 83.20. A move below 83.20 it would slid towards 83.10.

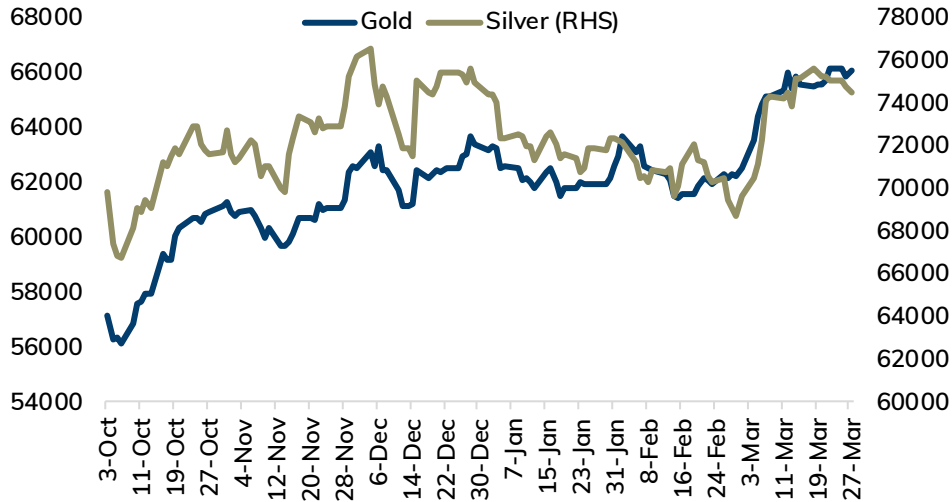
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro gave up early advance and edged lower after the dollar recovered from losses. The pair was also under pressure due to dovish comments from ECB Governing council member Muller, who emphasized on rate cut in June. EURUSD is expected to consolidate in the band of 1.080 and 1.0860. Meanwhile, forecast of improved retail sales numbers from Germany and higher CPI numbers in Spain would provide some support to the pair to hold the key support at 1.08. EURINR April is likely to find support near 90.20 and move towards 90.70. Only close below 90.20 it would test 90.00.
- Pound took a pause after falling to 1.2600 last week. The pair is expected to consolidate in the band of 1.2580 and 1.2680 ahead of the Financial policy committee minutes. GBPINR April is likely move in the band of 105.00 and 105.80. Only a move below 105.00 it would slip towards 104.80 level.

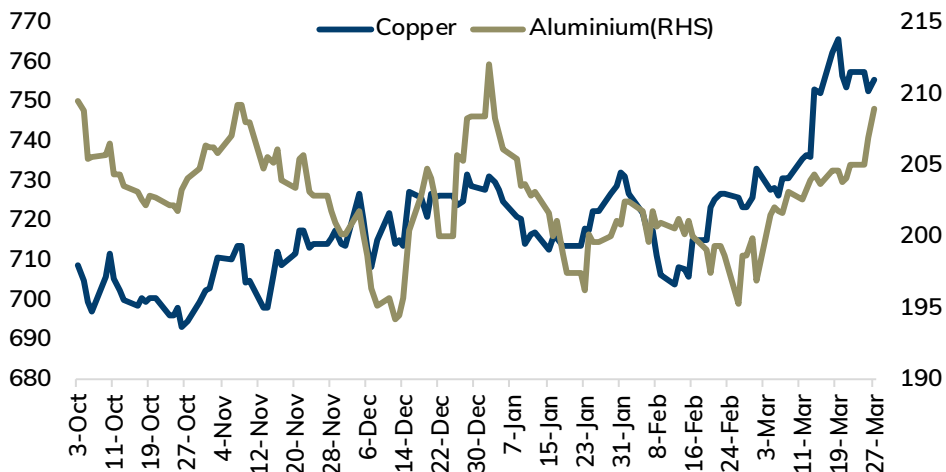
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to hold the support near \$2160 levels and rise towards \$2195 levels amid weakness in US treasury yields. US yields may move further south as investors awaits key inflation data scheduled Friday to gauge the timing of first rate cut. If the data signals ebbing price pressure then it would firm the expectation of three Fed rate cuts this year and first cut in June. As per CME FedWatch tool traders are now pricing in more than 63% probability that Fed will begin cutting rates in June. Moreover, demand for safe haven may increase on escalating tension in Middle East and eastern Europe.
- MCX Gold April prices is likely to rise towards 66,500 level as long as it stays above 65,800 levels
- MCX Silver May is expected is expected to follow gold and rise back towards 75,500 level as long as it sustains above 74,100 level.

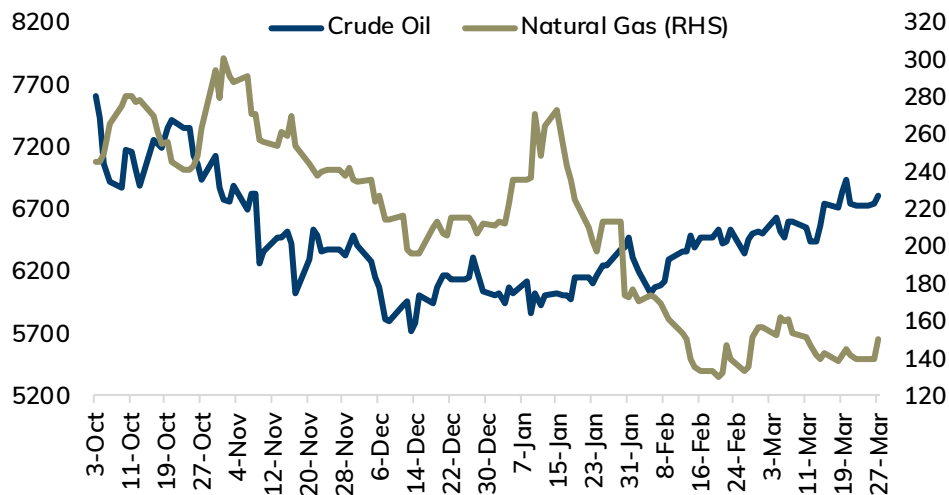
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with the negative bias amid firm dollar and rise in stocks at LME registered warehouses. Further, prices may slip on demand concerns from China and weak yuan. Meanwhile, sharp downside may be cushioned on expectations that major central banks across globe would start dialing back tighter monetary policy, supportive for economic growth. Moreover, copper mine supply disruptions would also lend support to prices
- MCX Copper is expected to move south towards 752 level as long as it stays below 763 level. A break below 752 would open doors for 747
- Aluminum is expected to slip further towards 205.50 level as long it remains below 208 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$80.00 levels amid firm dollar and pessimistic global market sentiments. Further, market sources citing American Petroleum Institute figures showed rise in US crude oil inventories and distillate. Crude stocks rose by 9.3 million barrels in the week ended 22<sup>nd</sup> March. Gasoline inventories fell by 4.4 million barrels, and distillate stocks rose by 531,000 barrels. However, sharp fall may be cushioned on fears over supply disruption due to ongoing geopolitical tension in eastern Europe and Middle East. Investors will remain cautious ahead of official government data on crude oil inventories
- MCX Crude oil is likely to slip towards 6700 levels as long as it trades below 6880 levels.
- MCX Natural gas April is expected to slid further towards 145 levels as long as it stays below 156 levels on forecasts for milder weather and and ample amounts of gas in storage

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	65585	65850	66144	66409	66703
Silver	73717	74117	74681	75081	75645
Copper	749.5	752.6	755.1	758.2	760.8
Aluminium	206.7	207.8	209.4	210.5	212.1
Zinc	212.5	214.2	216.4	218.1	220.3
Lead	173.2	174.5	176.9	178.1	180.5
Crude Oil	6753	6785	6822	6854	6891
Nat Gas	148	149	151	153	155

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	83.24	83.30	83.39	83.45	83.54
US\$INR (Apr)	82.98	83.17	83.39	83.58	83.80
EURINR (Mar)	90.22	90.33	90.38	90.48	90.54
EURINR (Apr)	90.34	90.45	90.53	90.64	90.71
GBPINR (Mar)	105.24	105.35	105.42	105.52	105.59
GBPINR (Apr)	105.26	105.38	105.46	105.59	105.67
JPYINR (Mar)	54.93	55.01	55.09	55.16	55.24
JPYINR (Apr)	55.36	55.41	55.46	55.51	55.57

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.30	104.43	-0.13%
US\$INR	83.29	83.43	-0.16%
EURUSD	1.0831	1.0808	0.21%
EURINR	90.41	90.24	0.19%
GBPUSD	1.2628	1.2601	0.21%
GBPINR	105.40	105.01	0.37%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.090	7.094	-0.004
US	4.232	4.198	0.0335
Germany	2.350	2.323	0.027
UK	3.971	3.928	0.043
Japan	0.739	0.741	-0.002

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/20/2024	8:00 PM	-2.0M.	-0.9M
3/13/2024	8:00 PM	-1.5M	0.9M
3/6/2024	9:00 PM	1.4M	2.4M
2/28/2024	9:00 PM	4.2M	3.1M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	117400	-500	-0.42%
Aluminium	555775	-3825	-0.68%
Zinc	266000	-3375	-1.25%
Lead	267850	100	0.04%
Nickel	77076	-378	-0.49%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 25, 2024						
7:30 PM	US	New Home Sales	662k	675k	664k	Medium
Tuesday, March 26, 2024						
6:00 PM	US	Durable Goods Orders m/m	1.00%	1.20%	-6.20%	Medium
6:30 PM	Europe	S&P/CS Composite-20 HPI y/y	6.60%	6.60%	6.10%	Medium
7:30 PM	US	CB Consumer Confidence	107	106.90	106.70	High
Wednesday, March 27, 2024						
8:00 PM	US	Crude oil Inventories			(-2.0)M	Medium
Thursday, March 28, 2024						
3:30 AM	US	FOMC Member Waller Speaks		-	-	High
12:30 PM	Europe	German Retail Sales m/m		0.40%	-0.40%	Medium
6:00 PM	US	Final GDP q/q		3.2%	3.2%	High
7:00 PM	US	Unemployment Claims		219K	224K	Medium
7:30 PM	US	Pending Home Sales m/m		1.5%	-4.9%	High
7:30 PM	US	Revised UoM Consumer Sentiment		76.5	76.5	High
Friday, March 29, 2024						
6:00 PM	US	Core PCE Price Index m/m		0.30%	0.40%	High
9:00 PM	US	Fed Chair Powell Speaks		-	-	High



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