

January 5, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	January	Buy	5960-5980	6140	5900	Intraday
EURINR	January	Buy	91.28-91.30	91.70	91.10	Intraday

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News and Developments

- Gold prices held steady after declining to the lowest level in 2-weeks as investors remained cautious ahead of the key US jobs data. Meanwhile, better than expected US private payroll numbers in December and decline in weekly jobless claims numbers restricted the upside in the bullions
- The US dollar index traded almost flat yesterday, but US treasury yields moved higher after the private job data showed strength in the labor market. The US private payroll numbers increased by 164,000 jobs last month, largest increase since August.
- The US 10 year treasury yields marched towards the 4% mark and 2 year treasury yields steadied above the 4.35%.
- NYMEX Crude oil prices erased most of its yesterday's gains and lost more than 1% amid disappointed EIA data. Surprise gain in the gasoline and distillate stocks overshadowed the decline of crude oil inventories by 5.5M. Gasoline stocks rose by 10.9 million barrels to 237 million barrels. Distillate stocks rose last week by 10.1 million barrels to 125.9 million barrels. Meanwhile, concerns in Middle east helped the oil prices to recover some of its losses and settle above the \$72 mark.
- Copper prices traded lower as weak manufacturing data from China and US increased concerns about demand. Meanwhile, depleting stocks in SHFE and hopes of more measures from the Chinese officials has limited the downside in the metal prices.
- NYMEX natural gas gained more than 4% amid drop in daily output and forecasts for colder weather and higher heating demand. Prices gained despite less than expected drop in weekly inventories. Natural gas inventories decline by 14 Bcf against forecast of -33 Bcf

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62640	0.21%	2043.65	0.11%
Silver	72336	0.00%	23.01	0.09%
Copper	725.0	-0.36%	8466.50	-0.59%
Aluminium	206.1	-0.53%	2281.00	-1.36%
Zinc	225.8	-1.18%	2538.00	-1.84%
Lead	182.1	0.00%	2041.50	-0.22%
WTI Crude Oil	6034	-0.61%	72.19	-0.70%
US Nat Gas	235.9	5.74%	2.82	5.73%

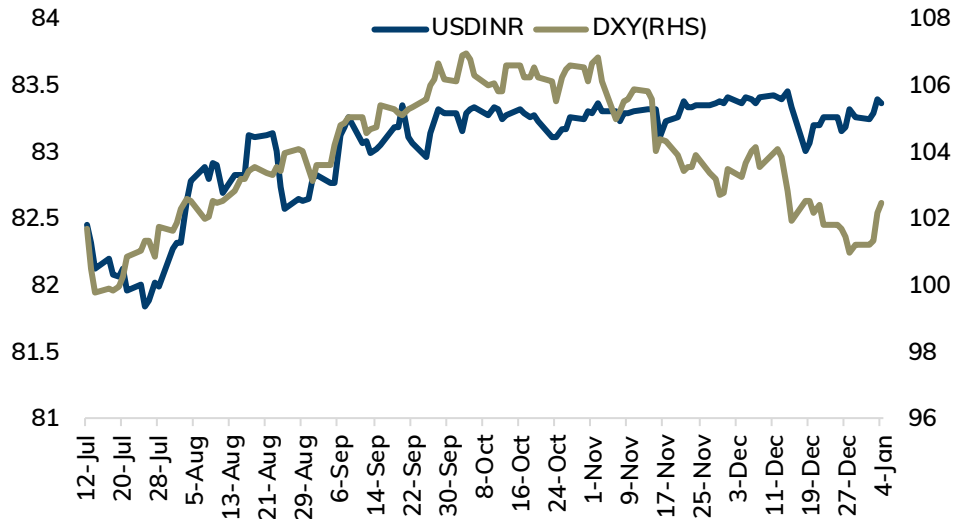
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.32	-0.05%	3922361	-53429	1506592	47407
EURINR (27th Dec)	91.32	0.18%	240353	-19226	241947	-15870
GBPINR (27th Dec)	105.83	0.54%	268699	41359	323145	87200

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	January	Buy	221-222	230	216	Not Initiated
GBPINR	January	Buy	105.48-105.50	105.90	105.30	Not Initiated

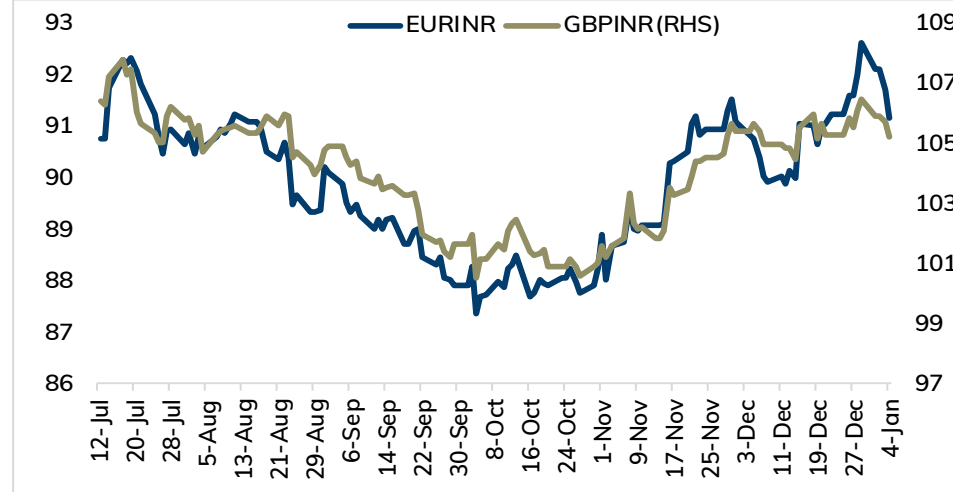
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated yesterday supported by FII inflows and positive domestic market sentiments along with weakness in dollar. Meanwhile, sharp gains were limited due to rise in crude oil prices
- Rupee is likely to trade with positive bias amid expectation of correction in dollar and US treasury yields. Dollar is likely to move south as US non-farm payrolls data is projected to show that less number of jobs were created in the economy in December. Additionally, unemployment rate likely ticked up to 3.8% in December up from 3.7% in November, signaling crack in labor market. Moreover, optimistic domestic market sentiments and persistent FII inflows would aid rupee. USDINR Jan will face hurdle near 83.40 levels and slip back towards 83.25 levels.

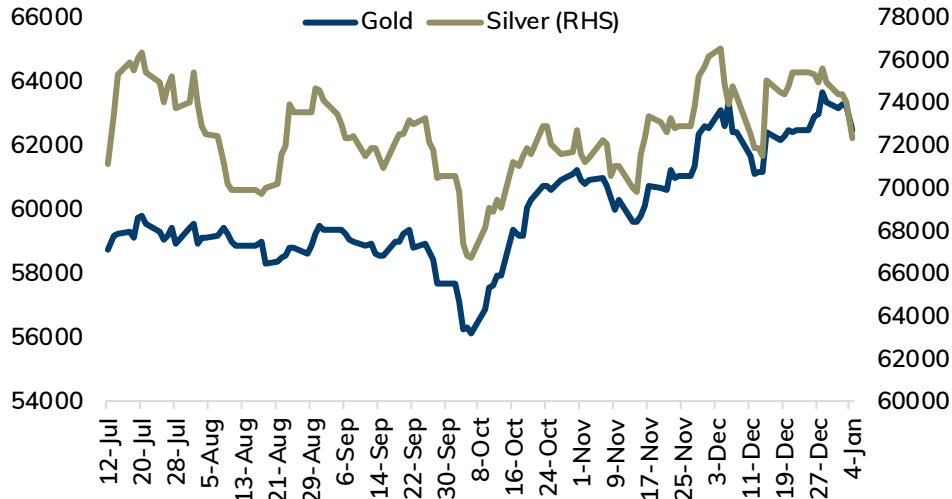
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro rose by 0.21% yesterday amid weak dollar and rise in risk appetite in the domestic market sentiments. Further, euro moved higher as upward revision to Euro Zone composite PMI dampened speculation for ECB rate cuts. For today, EURUSD is likely to hold the support near 1.0900 level and rise towards 1.0980 levels amid expectation of correction in dollar. Meanwhile, investors will remain cautious ahead of inflation data from euro zone to get cues on interest rate outlook. EURINR Jan may rise towards 91.70 level as long as it trades above 91.10 levels.
- Pound is expected to rise further towards 1.2750 levels on weak dollar and as data showed British borrowers increased demand for loans. Additionally, survey showed activity in services sector grew more strongly in December than initially though. GBPINR Jan is likely to move north towards 106.25 level as long as it stays above 105.60 levels.

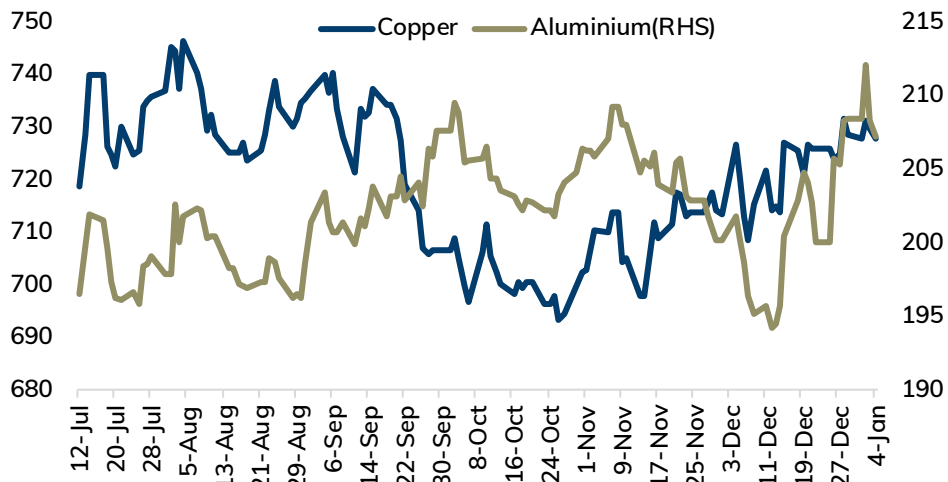
MCX Gold vs. Silver



Bullion Outlook

- Gold prices are expected to hold the support near \$2030 and move back towards \$2064 on expectation of moderation in the US job market. The unemployment rate is expected to rise towards 3.8% and wage inflation growth also seems to be softened. Meanwhile, the CME FedWatch tool indicates a 63% probability of rate cut in the March meeting and the probability of rate cut in May dipped below 50% mark. All focus will remain on the job growth numbers, which could bring further clarity on the path of interest rate cut.
- MCX gold is expected to rise towards 63,000, as long as it holds above 62,400. Only close below 62,400 it would weaken towards 62,000.
- MCX silver is likely to hold the support of 71,500, and rise gains towards 73,200.

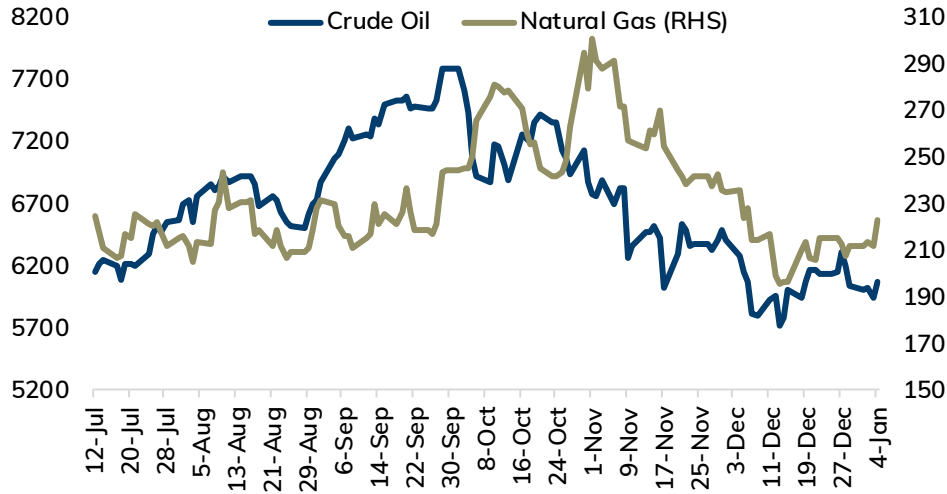
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to remain under pressure amid weaker manufacturing activity across the globe. Further, lower demand of refined copper from China due to higher domestic output would also check its upside. Meanwhile, persistence supply concerns and expectation of more stimulus measures from China would help the metal to trim its losses. Now the traders will keep an eye on key US job numbers to get more clarity on frequency of rate cuts in the coming period.
- MCX Copper January is expected to face the hurdle near 728 and weaken towards 720. Only close above 728 it would reverse its trend.
- Aluminum is expected to face the hurdle near 208 and decline towards 205.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are expected find support near \$71 and move back towards the \$74 amid fear over supply disruption. Syria halted its production at its biggest oilfield due to protest in the region. The ongoing conflict in the Red Sea and tension in the Middle East would support the oil prices to hold its gains despite an increase in weekly inventory levels. Further, increasing bets of rate cut by the Federal reserve would stimulate the economic activity and drive up oil demand.
- MCX Crude oil January is likely to find support near 5900 and move back towards 6200.
- MCX Natural gas January future is likely to rise towards 240 mark as long as it holds above the 225 level. Cold weather forecast in coming weeks is likely to increase the demand and support prices to trade higher.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62301	62471	62645	62815	62989
Silver	71287	71811	72152	72676	73017
Copper	717.6	721.3	725.9	729.6	734.2
Aluminium	204.2	205.1	206.1	207.0	208.0
Zinc	222.9	224.3	226.3	227.8	229.8
Lead	181.4	181.7	182.0	182.3	182.6
Crude Oil	5812	5923	6046	6157	6280
Nat Gas	219	228	233	241	246

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.21	83.26	83.33	83.39	83.45
US\$INR (Feb)	83.30	83.35	83.41	83.47	83.53
EURINR (Jan)	90.98	91.15	91.30	91.47	91.61
EURINR (Feb)	91.13	91.30	91.44	91.61	91.75
GBPINR (Jan)	105.36	105.59	105.79	106.03	106.23
GBPINR (Feb)	105.26	105.57	105.81	106.12	106.36
JPYINR (Jan)	57.72	57.89	58.19	58.36	58.66
JPYINR (Feb)	58.02	58.21	58.56	58.75	59.09

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.42	102.49	-0.07%
US\$INR	83.23	83.29	-0.07%
EURUSD	1.0945	1.0922	0.21%
EURINR	91.30	91.10	0.23%
GBPUSD	1.2682	1.2665	0.13%
GBPINR	105.88	105.17	0.67%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.221	7.216	0.005
US	3.999	3.916	0.0826
Germany	2.124	2.024	0.1
UK	3.727	3.639	0.088
Japan	0.615	0.614	0.001

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
11/29/2023	9:00 PM	1.6M	-0.1M
11/22/2023	9:00 PM	8.7M	0.9M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	164450	-1250	-0.75%
Aluminium	561575	-3600	-0.64%
Zinc	221775	-1550	-0.69%
Lead	130450	-1650	-1.25%
Nickel	64482	72	0.11%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 01, 2024						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, January 02, 2024						
7:15 AM	China	Caixin Manufacturing PMI	50.8	50.4	50.7	High
8:30 PM	US	Construction Spending m/m	0.40%	0.60%	0.60%	Medium
Wednesday, January 03, 2024						
8:30 PM	US	ISM Manufacturing PMI	47.4	47.2	46.7	High
8:30 PM	US	JOLTS Job Openings	8.79M	8.84M	8.85M	High
Thursday, January 04, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:15 AM	China	Caixin Services PMI	52.9	51.6	51.5	High
6:30 PM	Europe	German Prelim CPI m/m	0.10%	0.20%	-0.40%	High
6:45 PM	US	ADP Non-Farm Employment Change	164K	-	103K	High
7:00 PM	US	Unemployment Claims	202K	210K	218K	High
9:00 PM	US	Natural Gas Storage	-14B	-33B	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-5.5M	-3.2M	-7.1M	Medium
Friday, January 05, 2024						
3:00 PM	UK	Construction PMI	-	46.1	45.5	Medium
3:30 PM	Europe	CPI Flash Estimate y/y	-	3%	2.40%	Medium
7:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.40%	High
7:00 PM	US	Non-Farm Employment Change	-	168K	199K	High
7:00 PM	US	Unemployment Rate	-	3.80%	3.70%	High
8:30 PM	US	ISM Services PMI	-	52.5	52.7	High



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