

May 22, 2024

# Daily Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	June	Sell	74000-74050	73450	74350	Intraday

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## News and Developments

- Spot gold prices slipped yesterday amid firm dollar and profit booking, but stayed above \$2400 level on support from safe haven interest. Additionally, several policymakers are showing concerns over inflation and are cautious on cutting rates too soon but have ruled out the need for rate hike
- Dollar index edged up yesterday as policymakers said it would be wise for Fed to wait for several more months to ensure that inflation is really back on path to achieve 2% target before starting interest rate cuts.
- As per CME Fedwatch tool, expectations for Fed to cut rate in September rose to 64.8% from 61.8% a day ago while, prospects of no rate cut decline to 35.2% from 38.2% a day ago
- U.S. Treasury yields dipped as investors remained cautious ahead of FOMC meeting minutes for any fresh clues on when Fed is likely to begin cutting interest rates. Yield on benchmark US 10-year treasury note slipped to 4.414% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.831%.
- Crude oil prices slipped more than 1% yesterday amid firm dollar after Fed policymakers signaled patience on rate cuts. Further, US will sell the nearly 1 million barrels of gasoline in a reserve in northeastern states to lower prices ahead of summer driving season. Moreover, API figures showed that US crude oil inventories were up by 2.48 million barrels and gasoline inventories by 2.1 million barrels while, distillates fell by 320,000 barrels
- Copper prices ended on the negative note amid firm dollar, rise in copper inventories at LME registered warehouses and lack of robust physical demand in China.
- Aluminum prices hit a nearly two-year high due to concerns about raw material supply

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	74021	-0.47%	2421.05	-0.18%
Silver	94725	-0.57%	31.98	0.48%
Copper	935.2	-0.14%	10859.00	-0.28%
Aluminium	247.7	2.14%	2725.50	3.63%
Zinc	275.3	0.09%	3139.50	0.82%
Lead	195.4	0.05%	2336.50	-0.17%
WTI Crude Oil	6568	-0.17%	79.26	-0.68%
US Nat Gas	223.6	-1.54%	2.67	-2.91%

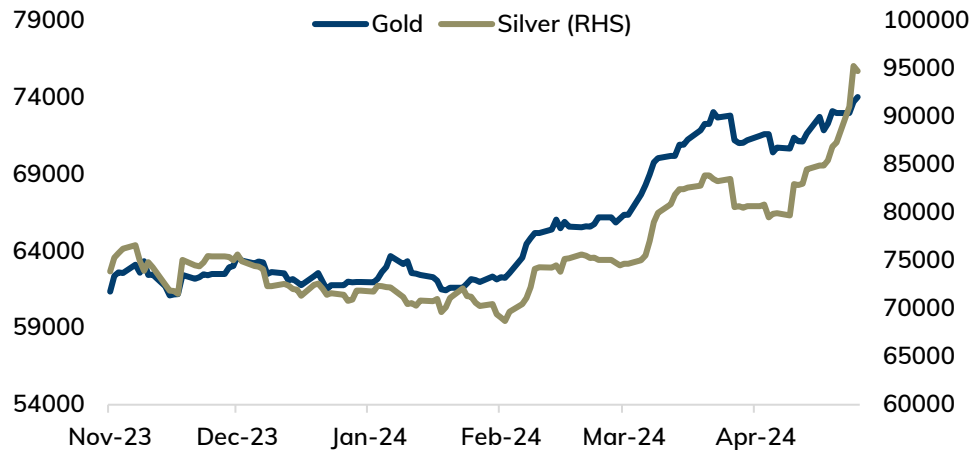
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	83.34	-0.06%	2558661	-473718	846865	471589
EURINR (29th May)	90.44	0.03%	24528	1551	2835	909
GBPINR (29th May)	105.80	0.29%	17745	2041	3641	239

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	June	Sell	6600-6610	6450	6700	Not initiated

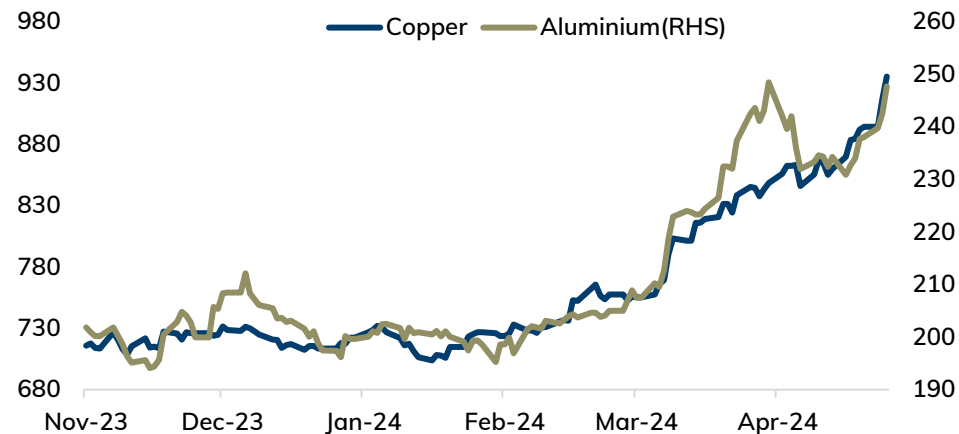
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face immediate resistance near \$2435 level and slip back towards psychological level of \$2400 amid firm dollar and rise in US treasury yields. Dollar and yields are moving north ahead of US FOMC meeting minutes which could provide fresh cues on interest rate trajectory. Recent batch of economic data had boosted expectations of rate cuts in September but those expectations have been pared back as several Fed officials stress the need to see further progress in inflation. Spot gold is likely to slip towards \$2400 level as long as it stays below immediate resistance of \$2435 level, strong resistance lies near \$2450. A sustain break below \$2400 prices may move towards \$2380 level
- MCX Gold June prices is likely to slip back towards 73,600 level as long as it stays below 74,300 level. A break below 73,600 prices may move further south towards 73,000 level (10-Day EMA)
- MCX Silver July is expected to follow gold and slip towards 93,000 level as long as it stays below 96,000 level

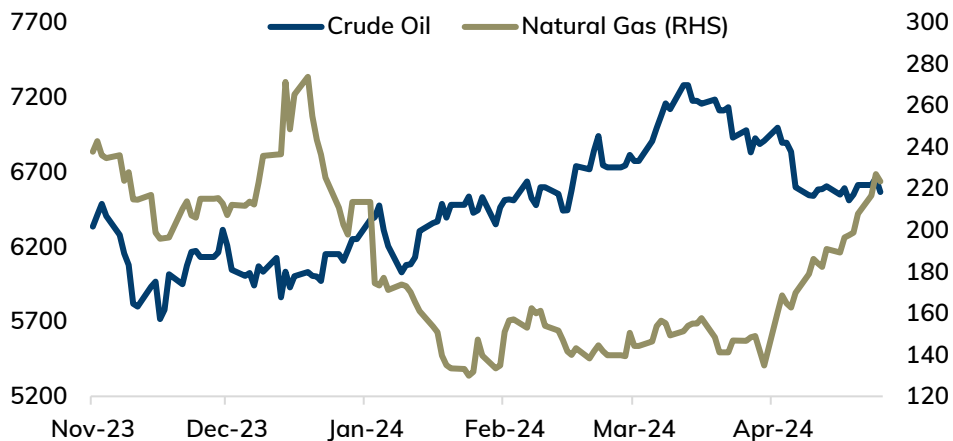
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with the negative bias amid firm dollar and a lack of robust physical demand. Further, several Fed policymakers are showing concerns over inflation and are cautious on cutting rates too soon. Investors fear that higher borrowing cost for longer duration will hurt economic growth and dampen demand for industrial metal. Market will remain cautious ahead of US FOMC meeting minutes, which could reflect concern about higher than expected inflation in the first quarter, as the meeting was held before last week's CPI report
- MCX Copper is expected to correct towards 925 level as long as it stays below 946 level. A sustain break below 925 prices may slide further towards 915 level
- Aluminum is expected to rise back towards 251 level as long as it remains above 245 level

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$77 levels on strong dollar. Further, API reported rise in US crude oil inventories, diminishing hopes of increased demand as summer driving season looms. Furthermore, Biden administration is set to sell 1 million barrels of gasoline from strategic reserves held in the Northeast. Moreover, prices may decline on expectations that Federal Reserve could keep US interest rates higher for longer, damping oil demand. Investors will await minutes from the Fed's last policy meeting and weekly official US oil inventory data
- MCX Crude oil June is likely to slip towards 6400 levels as long as it trades below 6650 levels (200-Day EMA).
- MCX Natural gas is expected to slip towards 215 level as long as it stays below 230 level

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	73392	73706	74016	74330	74640
Silver	91339	93032	94491	96184	97643
Copper	915.1	925.1	935.5	945.6	956.0
Aluminium	235.2	241.4	246.8	253.0	258.3
Zinc	269.1	272.2	276.0	279.1	282.9
Lead	193.8	194.6	195.3	196.1	196.8
Crude Oil	6445	6506	6550	6611	6655
Nat Gas	213	218	226	231	239

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	83.22	83.28	83.33	83.39	83.44
US\$INR (Jun)	83.28	83.35	83.45	83.52	83.62
EURINR (May)	90.27	90.36	90.48	90.57	90.69
EURINR (Jun)	90.44	90.47	90.51	90.53	90.57
GBPINR (May)	105.63	105.71	105.79	105.87	105.95
GBPINR (Jun)	105.61	105.64	105.68	105.71	105.75
JPYINR (May)	53.07	53.40	53.57	53.90	54.07
JPYINR (Jun)	53.77	53.94	54.11	54.28	54.45

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.66	104.45	0.21%
US\$INR	83.31	83.33	-0.02%
EURUSD	1.0854	1.0869	-0.14%
EURINR	90.58	90.38	0.23%
GBPUSD	1.2709	1.2701	0.06%
GBPINR	105.99	105.47	0.50%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.079	7.092	0.00
US	4.412	4.420	0.00
Germany	2.499	2.515	-0.01
UK	4.130	4.127	0.00
Japan	0.980	0.949	0.03

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
5/15/2024	8:00 PM	-2.5M	-0.4M
5/8/2024	8:00 PM	-1.4M	-1.0M
5/1/2024	8:00 PM	7.3M	-2.3M
4/25/2024	8:00 PM	-6.4M	1.6M
4/17/2024	8:00 PM	2.7M	1.6M
4/10/2024	8:00 PM	5.8M	0.9M
4/3/2024	8:00 PM	3.2M	-0.3M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	108200	2300	2.17%
Aluminium	1092300	-500	-0.05%
Zinc	258525	-325	-0.13%
Lead	206900	-2525	-1.21%
Nickel	82074	240	0.29%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 20, 2024						
6:45 AM	China	1-y Loan Prime Rate	3.45%	4.80%	4.85%	High
6:45 AM	China	5-y Loan Prime Rate	3.95%	3.95%	3.95%	Medium
Tuesday, May 21, 2024						
1:30 PM	US	Treasury Sec Yellen Speaks	-	-	-	High
2:30 PM	Europe	Trade Balance	-	19.9B	17.9B	Medium
10:30 PM	UK	BOE Gov Bailey Speaks	-	-	-	Medium
Wednesday, May 22, 2024						
11:30 AM	UK	CPI y/y	-	2.10%	3.20%	High
7:30 PM	US	Existing Home Sales	-	4.21M	4.19M	Medium
8:00 PM	US	Crude Oil Inventories	-	-	(-2.5)M	Medium
11:30 PM	US	FOMC Meeting Minutes	-	-	-	High
Thursday, May 23, 2024						
1:00 PM	Europe	German Flash Manufacturing PMI	-	43.40	43.40	High
1:00 PM	Europe	German Flash Services PMI	-	51.8	51.3	High
1:30 PM	Europe	Flash Manufacturing PMI	-	46.2	45.7	Medium
2:00 PM	UK	Flash Manufacturing PMI	-	-	-	Medium
2:00 PM	UK	Flash Services PMI	-	-	-	Medium
6:00 PM	US	Unemployment Claims	-	221k	222k	High
7:15 PM	US	Flash Manufacturing PMI	-	50	50	Medium
7:15 PM	US	Flash Services PMI	-	51.2	51.3	Medium
7:30 PM	US	New Home Sales	-	677k	693k	Medium
8:00 PM	US	Natural Gas Storage	-	-	70B	Medium
Friday, May 24, 2024						
11:30 AM	UK	Retail Sales m/m	-	-0.50%	0.00%	High
6:00 PM	US	Durable Goods Orders m/m	-	-	0.90%	High
7:30 PM	US	Revised UoM Consumer Sentiment	-	-	67.40%	Medium



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