

December 28, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	63150-63200	63750	62900	Intraday
EURINR	January	Buy	92.48-92.50	92.90	92.30	Intraday

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News and Developments

- Gold prices hit the highest level in 3 weeks on Wednesday amid weakness in the US dollar and softness in treasury yields. The US dollar index slide below the 101 mark on increasing expectation that the Federal Reserve will cut the interest rates by 25 bps in March 2024. Further, weaker US manufacturing index also weigh on the dollar index
- US 10 year treasury yields slide towards 3.80% mark and the 2 year yields traded under the 4.27%.
- The CME FedWatch tool indicates more than 72% probability of a 25 bps cut in March and rate cut in May gone up to 72%.
- NYMEX Crude oil futures edged lowered yesterday as major shipping firms began returning to the Red Sea despite continued attacks. Danish shipping company Maersk has scheduled its several dozen container vessels to travel via the Suez Canal and Red Sea in the coming weeks after calling a temporary halt to those routes. Further, rise in US crude oil inventories by 1.837M barrels last week (API data) also weighed on oil prices.
- Base metal prices hit multi month highs on Wednesday buoyed by strong Chinese data and weakness in the dollar. China's November industrial profits posted double-digit gains amid improved manufacturing activity. Last month industrial profits rose by 29.5% against October reading of 2.7%.
- NYMEX natural gas futures gained more than 1% on forecast of colder weather in the first week of January. Further, increase in demand from new US LNG export plants also supported the prices to trade higher.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63678	1.04%	2077.49	0.47%
Silver	75647	0.83%	24.27	0.17%
Copper	739.3	0.91%	8690.50	1.36%
Aluminium	212.1	2.09%	2387.00	2.62%
Zinc	232.4	1.40%	2641.50	1.56%
Lead	183.4	0.22%	2086.50	1.14%
WTI Crude Oil	6211	-1.65%	74.11	-1.93%
US Nat Gas	207.4	-2.58%	2.62	2.71%

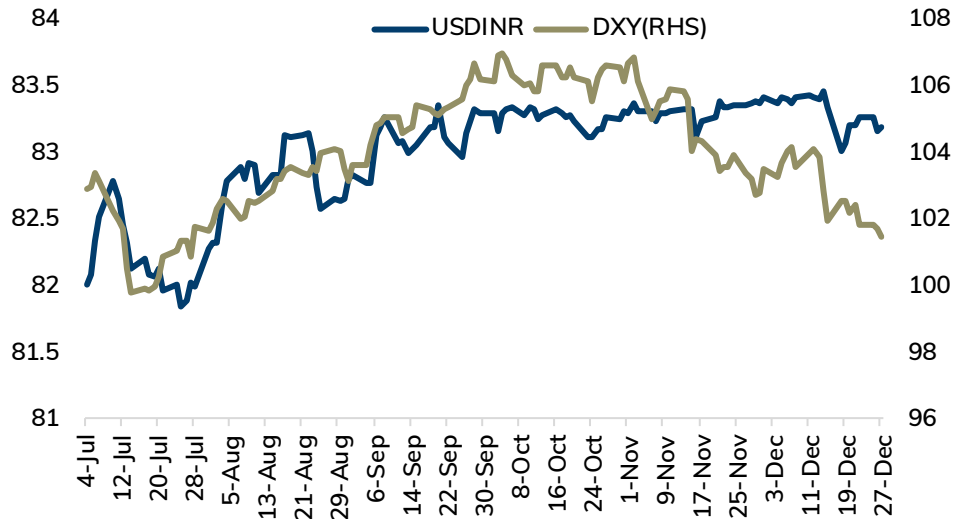
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.43	0.20%	4126149	1229470	2954481	592435
EURINR (27th Dec)	92.23	0.57%	370875	114375	337712	199386
GBPINR (27th Dec)	106.12	0.44%	280834	117602	387207	266888

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	January	Buy	62700-62750	63200	62450	Not Initiated
USDINR	January	Sell	83.30-83.31	83.15	83.40	Stoploss Triggered

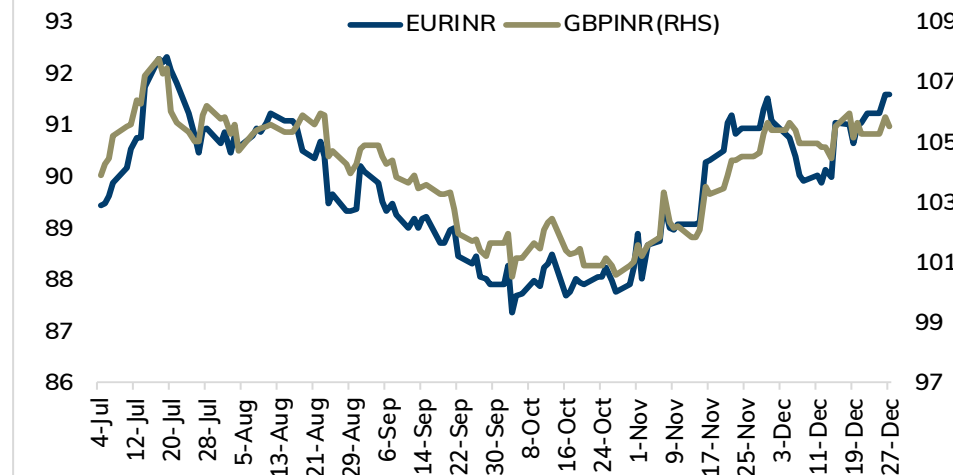
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated yesterday majorly on the back of month end dollar demand from importers. Meanwhile, further weakness in rupee was prevented amid weak dollar, FII inflows and optimistic domestic market sentiments.
- Rupee is likely to appreciate today amid weak dollar and softening of US treasury yields across curve. Dollar and Yield nursed steep losses on expectations that US Fed will start cutting rates next year. As per CME FedWatch tool market is pricing in 71% chance of first cut in March 2024 and as much as 150 bps of Fed easing in the whole year. Additionally, positive domestic market sentiments, softening of crude oil prices and persistent FII inflows will aid rupee. USDINR Jan may slip towards 83.20 level as long as it stays below 83.50 level

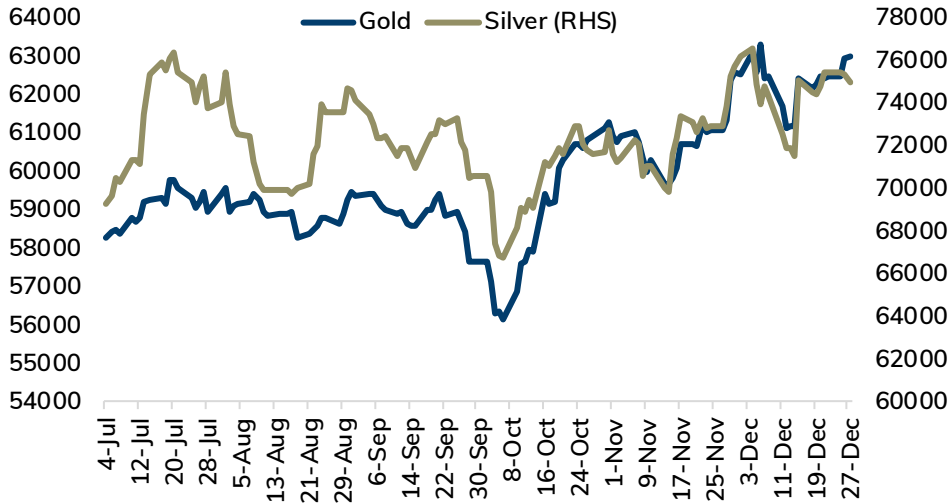
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro moved up by 0.57% yesterday amid weakness in dollar and rise in risk appetite in the global markets. Meanwhile, sharp upside was capped as 10-year German bund yields fell to 1 year low, weakening interest rate differential. For today, EURUSD is likely to rise further towards 1.1150 level as long as it trades above 1.1070 level amid soft dollar and optimistic global market sentiments. Meanwhile, investors will remain cautious ahead of job and housing data from US to gauge economic health and get cues on timing of rate cuts by Fed. EURINR Jan may rise towards 93.00 level as long as it trades above 92.30 levels.
- Pound is likely to edged higher towards 1.2850 levels amid weakness in dollar and rise in risk appetite in the global markets. GBPINR Jan is likely to move north towards 107.00 level as long as it stays above 106.30 levels

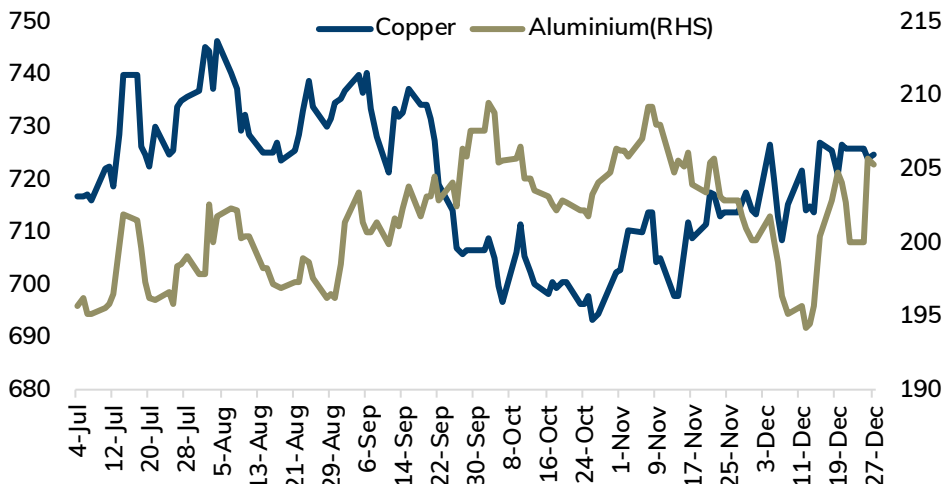
MCX Gold vs. Silver



Bullion Outlook

- Gold prices are likely to strengthen its gains and march towards \$2100, as long as it trades above the \$2070. The weakness in the US dollar and fall in US treasury yields would provide necessary fuel to the precious metals to hold their gains. Further, increasing bets of interest rate cut by the Federal Reserve would support the bullions. Markets are now pricing more than 150 bps of rate cuts next year and probability of rate cut in March moved up to 74%. Meanwhile, traders will focus key economic numbers to get more clarity on the frequency of rate cuts.
- MCX gold is expected to rise towards 64,000, as long as it holds above 63,200.
- MCX silver is likely to rise towards 76200, as long as it trades above the 10 day EMA at 74,810.

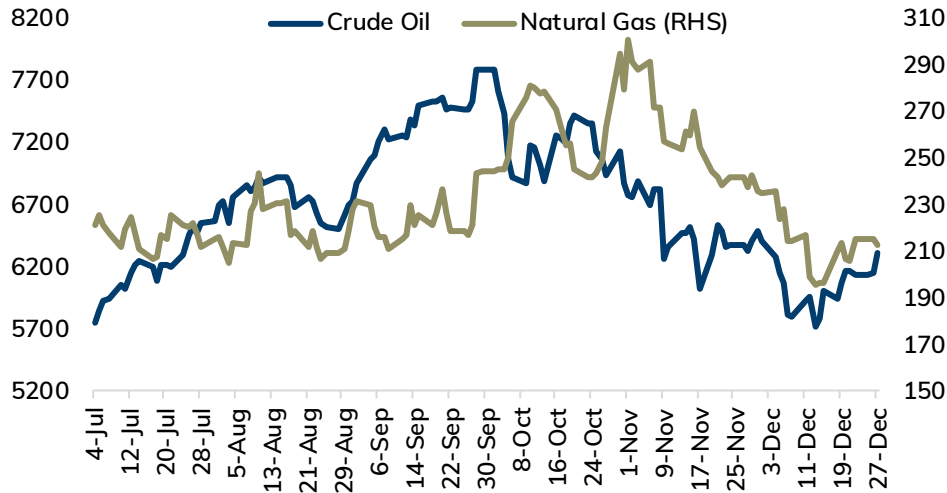
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold to its gains and trade with a bullish bias amid weakness in the dollar and increasing prospects of interest rate cut by the PBOC to support the recovery in the economy. Further, depleting stocks in SHFE and persistence supply concerns would help the red metal to end the year on a higher note.
- MCX Copper January is expected to rise towards 745, as long as it holds above the 735. Above 745, it would rise towards 748
- Aluminum is expected to hold its gains amid supply concerns and improved export numbers. MCX Aluminum is likely to rise towards the 214 mark as long as it holds above 209 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are likely to move in a tight range of \$72.50-76 as most traders will eye on key developments from the Red Sea. Meanwhile, rise in crude oil inventories in the US would limit the upside in prices. The Weekly EIA inventory is expected to show a rise in stocks in gasoline and distillate products, where as crude oil inventory could witness a marginal drawdown. Further, weakness in the dollar could limit the downside in the prices.
- MCX Crude oil January is likely to find support near 6160 and move back towards 6340. Only close above 6340 would bring fresh buying interest in the oil prices.
- MCX Natural gas January future is likely to face the hurdle near 214 and move lower towards 200 mark. Below 200, it would weaken towards 195.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62991	63335	63522	63866	64053
Silver	74266	74956	75391	76081	76516
Copper	730.4	734.8	737.5	742.0	744.7
Aluminium	205.2	208.6	210.7	214.1	216.2
Zinc	227.9	230.1	231.5	233.7	235.1
Lead	182.6	183.0	183.2	183.6	183.9
Crude Oil	6118	6165	6239	6286	6360
Nat Gas	192	200	207	215	222

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.15	83.29	83.37	83.51	83.59
US\$INR (Feb)	83.27	83.39	83.45	83.57	83.64
EURINR (Jan)	91.70	91.96	92.13	92.39	92.56
EURINR (Feb)	91.77	92.06	92.22	92.50	92.66
GBPINR (Jan)	105.73	105.92	106.05	106.24	106.37
GBPINR (Feb)	105.75	105.96	106.09	106.30	106.44
JPYINR (Jan)	58.66	58.74	58.81	58.89	58.97
JPYINR (Feb)	59.04	59.11	59.17	59.24	59.30

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	100.99	101.47	-0.47%
US\$INR	83.35	83.19	0.19%
EURUSD	1.1105	1.1042	0.57%
EURINR	92.14	91.63	0.55%
GBPUSD	1.2798	1.2725	0.57%
GBPINR	106.03	105.58	0.42%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.207	7.182	0.025
US	3.794	3.897	-0.1023
Germany	1.895	1.979	-0.084
UK	3.436	3.505	-0.069
Japan	0.611	0.635	-0.024

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
11/15/2023	9:00 PM	3.6M	2.5M
11/1/2023	8:00 PM	0.8M	1.5M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	165050	-1625	-0.97%
Aluminium	523725	15075	2.96%
Zinc	227375	-1825	-0.80%
Lead	127750	-950	-0.74%
Nickel	57804	1746	3.11%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, December 25, 2023						
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, December 26, 2023						
7:30 PM	US	S&P/CS Composite-20 HPI y/y	4.90%	5.00%	3.90%	Medium
Wednesday, December 27, 2023						
8:30 PM	US	Richmond Manufacturing Index	-11	-7	-5	Medium
Thursday, December 28, 2023						
7:00 PM	US	Unemployment Claims	-	211K	205K	High
7:00 PM	US	Goods Trade Balance	-	-88.4B	-89.6B	Medium
8:30 PM	US	Pending Home Sales m/m	-	1.10%	-1.50%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	2.9M	Medium
Friday, December 29, 2023						
1:30 PM	Europe	Spanish Flash CPI y/y	-	3.2%	3.2%	Medium
8:15 PM	US	Chicago PMI	-	50.5	55.8	Medium



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