

January 2, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	February	Buy	63200-63250	63600	63000	Intraday
USDINR	January	Sell	83.30-83.31	83.15	83.40	Intraday

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News and Developments

- Gold prices moved in a tight range on Monday as most of the global markets remained closed on the eve on New Year's Day.
- The US dollar index on Friday settled near 101.37 as it recovered from its 5-month lows at 100.61 mark.
- The CME Fed-Watch tool indicates more than 73% probability of a 25 bps cut in March and another rate cut of 25 bps in May went up by 73%.
- NYMEX Crude oil futures are trading higher in the morning session amid increasing tension in the Red Sea after Iran sends its warships following boat attacks in the Red Sea. Meanwhile, increasing supplies from the Non-OPEC nations has limited its upside.
- Copper prices traded in a tight range on Monday as most global market remained closed yesterday. But prices eased from its 3-month peak after the manufacturing activity in China contracted for the 3rd straight month in a row. December manufacturing numbers declined to 49 mark.
- NYMEX natural gas are trading higher in the early morning session amid forecast of cold weather in US. Further, higher export demand also supported the prices to rise towards \$2.66

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63320	0.19%	2062.98	-0.13%
Silver	74390	-0.05%	23.80	-0.75%
Copper	737.4	0.94%	8559.00	-0.76%
Aluminium	214.2	1.06%	2384.00	0.25%
Zinc	235.2	0.79%	2658.00	0.64%
Lead	184.3	0.77%	2068.50	-0.86%
WTI Crude Oil	6027	0.33%	71.65	-0.17%
US Nat Gas	213.9	0.94%	2.51	-1.68%

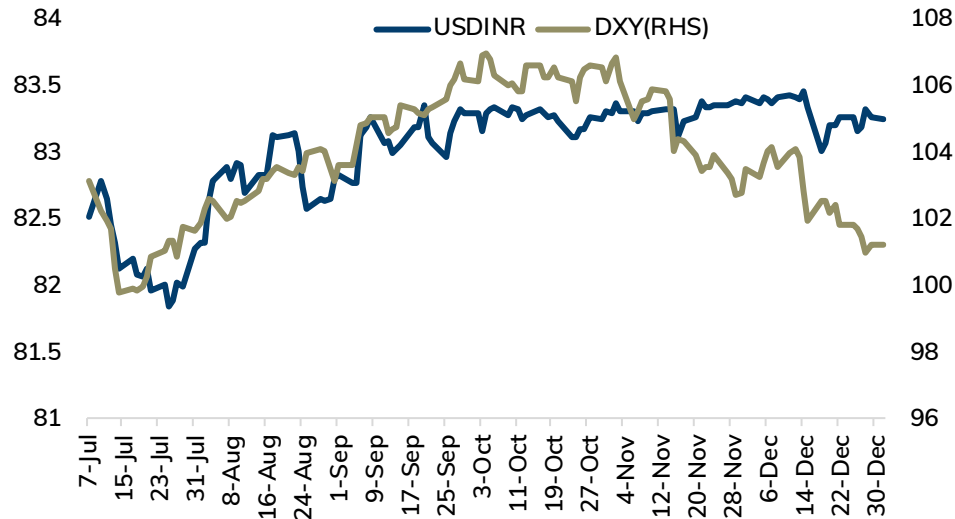
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Dec)	83.29	0.04%	3864838	3785	552227	-1293050
EURINR (27th Dec)	92.14	-0.01%	356631	6250	34384	-175892
GBPINR (27th Dec)	105.93	-0.02%	262844	4392	38455	-248696

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	January	Sell	731-731.5	724	735	Exit at Cost
EURINR	January	Sell	92.10-92.11	91.70	92.30	Exit in Loss

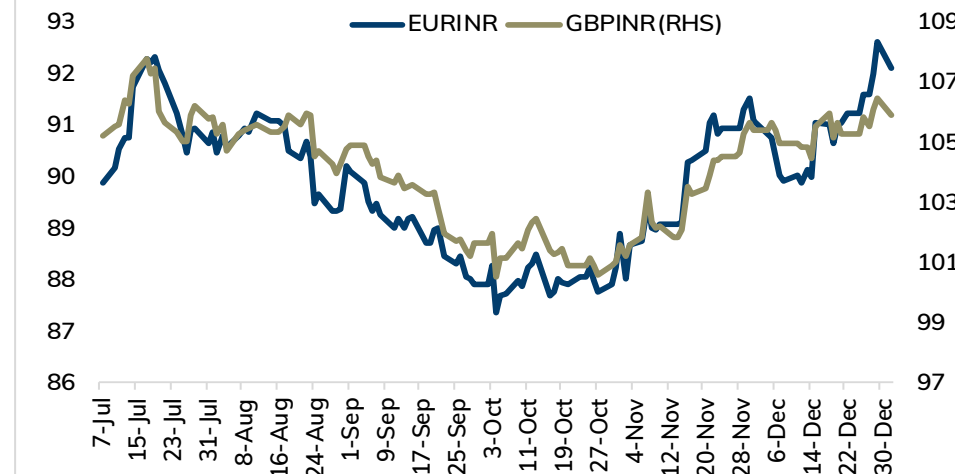
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated marginally yesterday amid muted domestic market sentiments and dollar demand from importers. Additionally, trading activity remained subdued as most global markets were shut on account of New Year's holiday.
- Rupee is likely to trade with positive bias amid expectation of correction in dollar and US treasury yields as market weigh the prospect of steep interest rate cuts from US Fed in 2024. Further, investors will remain cautious ahead of major economic data from US this week for more clues on central bank next move. As per CME FedWatch tool market are now pricing in 78% chance of rate cut in March. USDINR Jan will slip towards 83.15 levels as long as it stays below 83.40 levels.

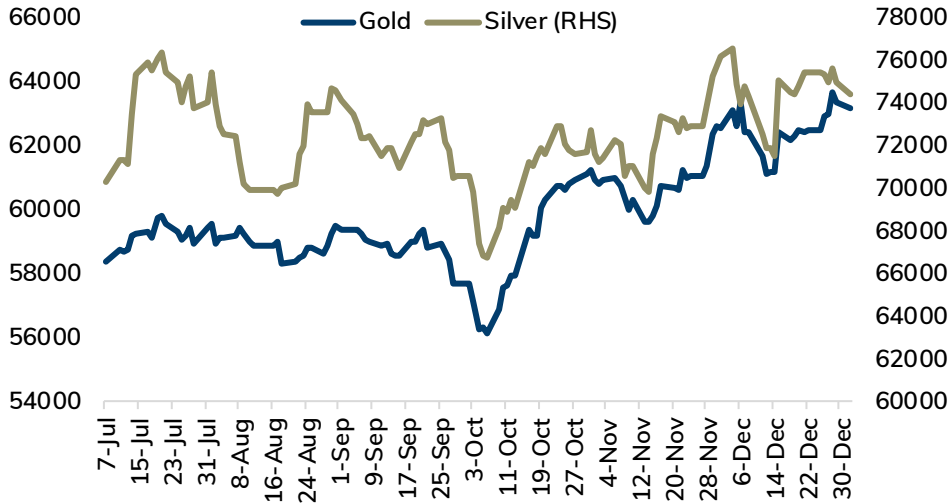
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro is likely to rise back towards 1.1080 level amid expectation of correction in dollar. Further, ECB policymakers have signaled that central bank may keep rates higher for longer duration compared to expectation to defeat inflation. Meanwhile, investors will remain cautious ahead of manufacturing pmi data from euro zone. EURINR Jan may rise towards 92.30 level as long as it trades above 91.75 levels.
- Pound is expected to rise back towards 1.2780 levels on prospect of further correction in dollar. Meanwhile, traders will remain cautious ahead of manufacturing pmi data from UK. GBPINR Jan is likely to move north towards 106.30 level as long as it stays above 105.70 levels.

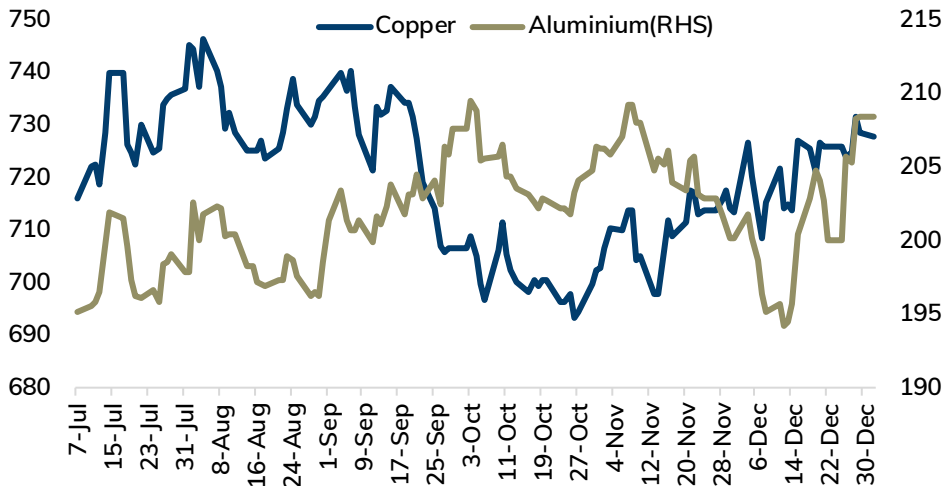
MCX Gold vs. Silver



Bullion Outlook

- Gold prices are likely to rise towards \$2080 mark, as long as it holds above the \$2055 on expectation of softness in the dollar index. Increasing probability of rate cut in 1st quarter of 2024 would support the bullions to hold its bullish outlook. Further, expectation of contraction in the manufacturing activities in US would also support the bullions to trade higher.
- MCX gold is expected to rise towards 63,600, as long as it holds above 63,000. Only a move above 63,600 would open the doors towards 63,900.
- MCX silver is likely to hold the support of 50 day EMA at 73600 and rise towards 74,800. Only close above 74,800, it would extend its gains towards 75,500.

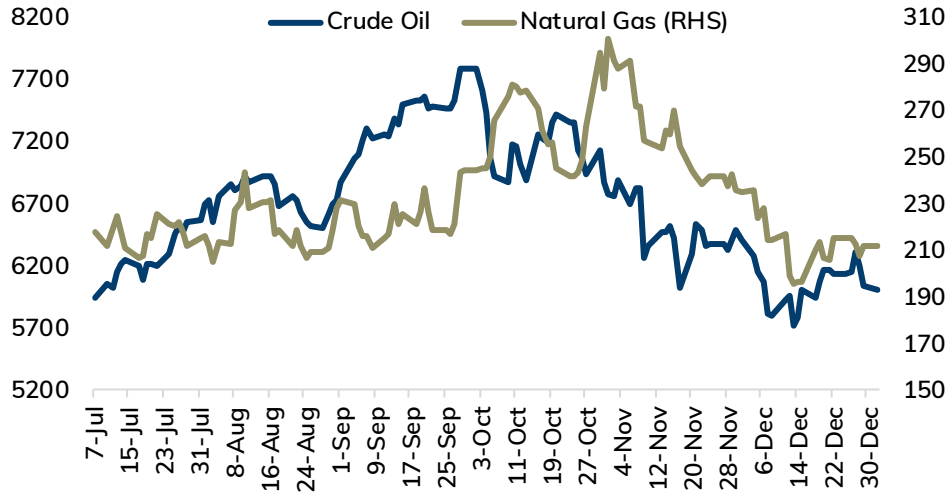
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to recoup its earlier losses and rise back towards 738 amidst the improvement in the Caixin manufacturing PMI. China's Caixin manufacturing PMI rose to 50.8 last month brightening the demand outlook of the red metal. Further, depleting stocks in SHFE and persistence supply concerns would help the metal to regain its strength.
- MCX Copper January is expected to rise towards 738, as long as it holds above the 728 level.
- Aluminum is expected to hold the support near 210 and move back towards 214 amid supply concerns.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- Crude oil prices are expected to find support \$71 and move back towards \$75 amid ongoing concerns in the Red Sea. Further, softness in the dollar due to increasing bets of interest rate cuts from the Fed would also support oil prices. Meanwhile, increasing supplies from Non-OPEC nations and slowing demand from China would restrict prices to go beyond the \$75 mark.
- MCX Crude oil January is likely to move in the range 5950-6150. Only close below 5950, would weaken it again towards the 5800 mark. Similarly above 6150, it can test 6240.
- MCX Natural gas January future is likely to rise towards 224 mark as long as it holds above the 206 level. Forecast of colder weather in US would support the prices to hold its gains.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	63095	63208	63293	63406	63491
Silver	74133	74262	74348	74477	74563
Copper	734.9	736.1	737.1	738.3	739.3
Aluminium	213.7	213.9	214.2	214.4	214.7
Zinc	234.3	234.7	235.1	235.6	236.0
Lead	184.3	184.3	184.3	184.3	184.3
Crude Oil	5941	5984	6010	6053	6079
Nat Gas	208	211	213	216	218

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.18	83.24	83.28	83.33	83.37
US\$INR (Feb)	83.27	83.32	83.36	83.41	83.45
EURINR (Jan)	92.00	92.07	92.11	92.18	92.22
EURINR (Feb)	92.15	92.20	92.23	92.28	92.31
GBPINR (Jan)	105.78	105.85	105.92	106.00	106.06
GBPINR (Feb)	105.83	105.91	105.98	106.06	106.13
JPYINR (Jan)	58.86	58.96	59.08	59.19	59.31
JPYINR (Feb)	59.25	59.33	59.41	59.49	59.57

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	101.33	101.23	0.10%
US\$INR	83.24	83.21	0.03%
EURUSD	1.1045	1.1039	0.05%
EURINR	91.98	91.94	0.04%
GBPUSD	1.2727	1.2731	-0.03%
GBPINR	105.94	105.73	0.20%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.197	7.174	0.023
US	3.879	3.844	0.0348
Germany	2.024	1.944	0.08
UK	3.537	3.493	0.044
Japan	0.614	0.595	0.019

US Crude Stocks Change (Barrels)

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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	167300	525	0.31%
Aluminium	549050	-2000	-0.36%
Zinc	224825	2700	1.22%
Lead	135700	11150	8.95%
Nickel	64056	2034	3.28%

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	-	0.60%	0.60%	Medium
Wednesday, January 03, 2024						
8:30 PM	US	ISM Manufacturing PMI	-	47.2	46.7	High
8:30 PM	US	JOLTS Job Openings	-	8.85M	8.73M	High
Thursday, January 04, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
7:15 AM	China	Caixin Services PMI	-	51.6	51.5	High
6:30 PM	Europe	German Prelim CPI m/m	-	0.20%	-0.40%	High
6:45 PM	US	ADP Non-Farm Employment Change	-	-	103K	High
7:00 PM	US	Unemployment Claims	-	210K	218K	High
9:00 PM	US	Natural Gas Storage	-	-	-87B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	-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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