

January 10, 2024

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	January	Buy	5960-5980	6150	5900	Intraday
USDINR	January	Buy	83.14-83.15	83.30	83.05	Intraday

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## News and Developments

- Spot gold prices steadied yesterday as investors remained cautious ahead of CPI and PPI data for US due later in this week, it could provide more insights into Federal Reserve policy path
- Dollar rose yesterday amid weak global market sentiments and narrowing of US trade deficit. US trade deficit unexpectedly narrowed to \$63.2 billion in November 2023 from \$64.5 billion in October 2023
- As per CME Fedwatch tool expectations for Fed to cut rate in March slip to 60.8% from 62.6% a day ago while, prospects of no rate cut increased to 36% from 34.1% a day ago
- Yield on benchmark US 10-year treasury note slipped to 4.015% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.366%. Yields slipped ahead of US inflation data as it would shed light on when Fed could start cutting rates
- Crude oil prices rose by almost 2% yesterday on fears that conflict between Hamas and Israel could escalate into regional crisis disrupting oil supplies from Middle East. Further, prices drew support from closure of Libya's 300,000 bpd Sharara oilfield. Meanwhile further upside was limited amid rise in Gasoline and Distillate stocks. Data from American Petroleum Institute showed crude oil inventories fell by 5.215 million barrels but Gasoline stocks saw another large build up, rising by 4.896 million barrels and Distillate inventories rose by 6.873 million barrels
- Copper prices slipped yesterday amid strong dollar and pessimistic global market sentiments. While, aluminum prices rebounded as data from LME showed stocks in registered warehouses had fallen from 7<sup>th</sup> month high
- Natural gas futures soar yesterday as freezing winter moves across United states, with prospect of cold blast

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62179	0.14%	2030.20	0.11%
Silver	72047	-0.52%	22.98	-0.56%
Copper	713.9	-0.90%	8369.50	-0.93%
Aluminium	203.7	0.05%	2249.50	0.58%
Zinc	223.5	-0.02%	2503.50	-0.22%
Lead	181.7	-0.30%	2051.50	-0.56%
WTI Crude Oil	6034	2.92%	72.24	2.08%
US Nat Gas	271.6	14.74%	3.19	7.05%

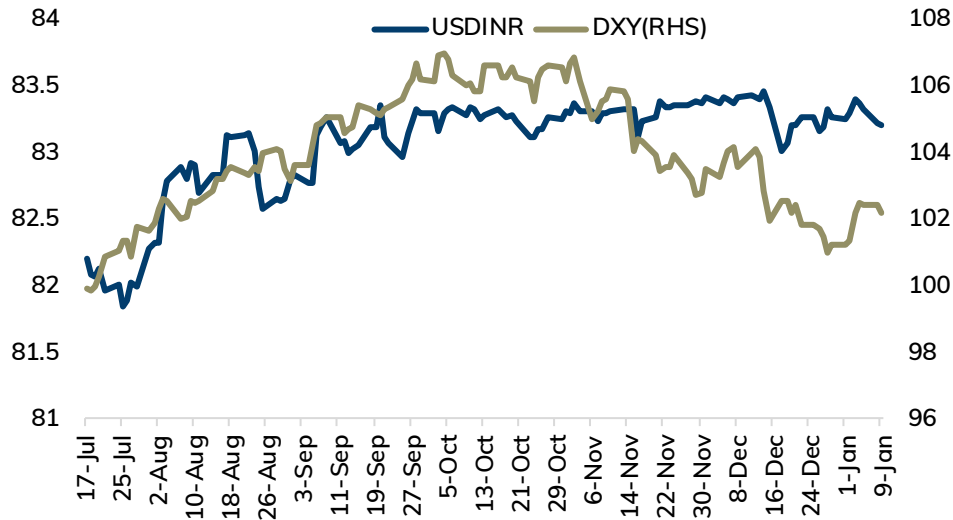
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.20	-0.01%	3721799	3991	1438177	-843965
EURINR (29th Jan)	91.01	-0.15%	175949	-25690	177549	-5511
GBPINR (29th Jan)	105.78	0.06%	269606	14930	205978	-71881

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	January	Buy	719.50-720	725	717	Stoploss Triggered
EURINR	January	Buy	91.00-91.02	91.40	90.80	Exit At Cost

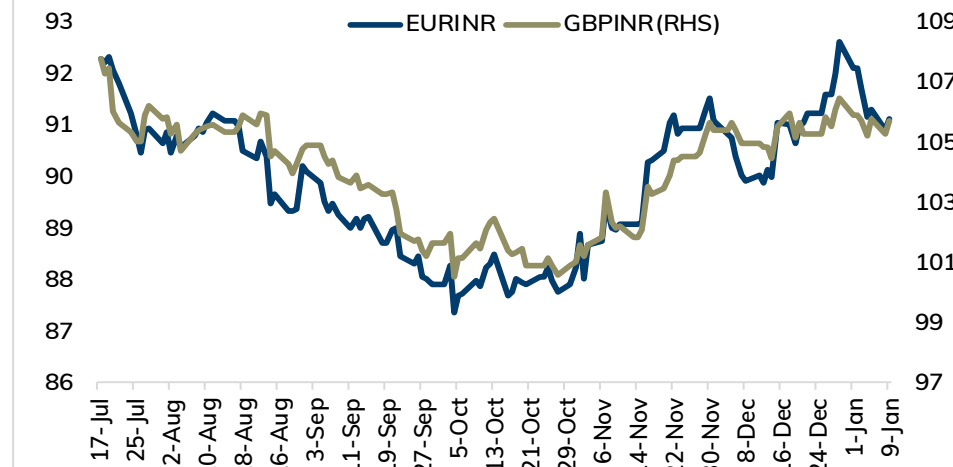
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee took a pause and settled near 83.1150 on Tuesday as strong dollar demand from the state-run banks erased its earlier gains. Earlier it appreciated, after the Bloomberg Index Services proposed including eligible Indian bonds in its emerging market local currency index from September.
- Rupee is likely to move in a tight range ahead of the key inflation numbers from US, which might give more clarity on the futures interest rate path. USDINR may find support near 83.00 and move higher towards 83.30 amid recovery in the dollar index and improved November US trade deficit numbers. However, strong flows into the domestic equities and bond markets would limit any major upside in the pair.

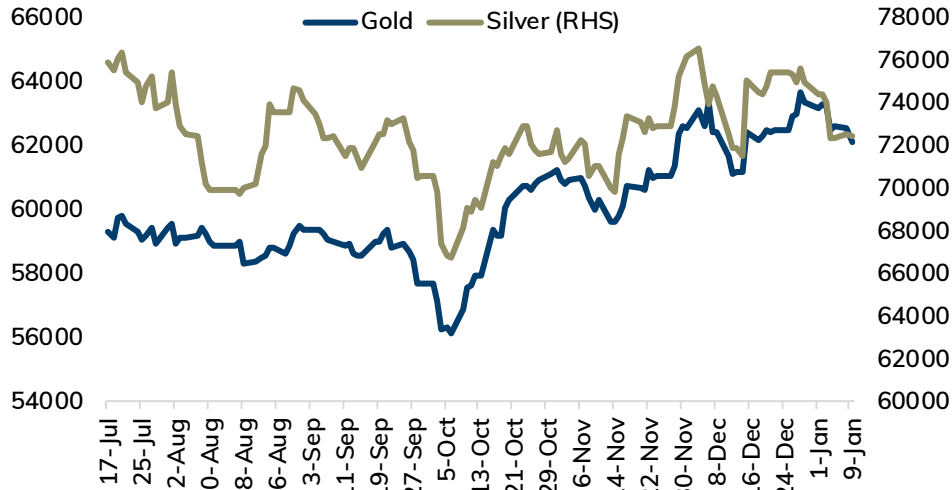
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro fell on Tuesday by 0.17% amid strong dollar and weaker economic data from Eurozone. German Nov industrial production unexpectedly declines for the sixth month in a row, but improved unemployment rate in Eurozone provided some support to the pair. For today, EURUSD is likely to move lower towards 1.09 levels as long as it stays under 1.0965 amid firm dollar and weaker risk sentiments. EURINR may face the hurdle near 91.25 and move lower towards 90.80 levels
- Pound is likely to face the resistance near 1.2770 and lower towards 1.2670 amid strong dollar. Meanwhile, investors will focus on the speech from BOE Gov Bailey to get more clarity on the interest rate path. GBPINR is likely to face the hurdle near 106.10 and move south towards 105.50 level.

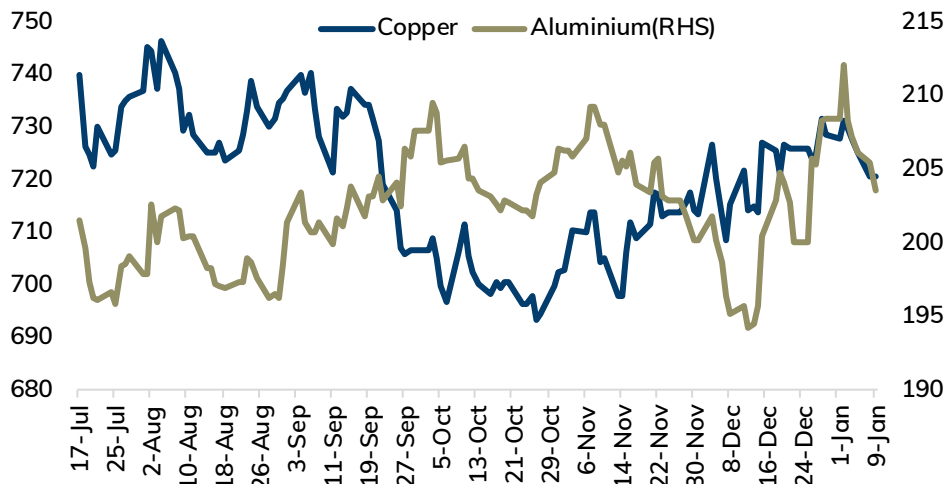
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to hold the support near \$2015 and rise towards \$2050 level amid expectation of correction in dollar and softening of US treasury yields. Dollar may correct on anticipation that price pressure in US continued to moderate and is getting closer to central bank target of 2%, giving incentive to Fed to start cutting rates from March. Additionally, demand for safe haven may increase on mounting tension in Middle East.
- MCX Gold prices is likely to move north towards 62,500 level as long as it trades above the support level of 62,000 levels
- MCX Silver is expected to follow gold and rise back towards 73,000 level as long as it sustains above 71,800 level.

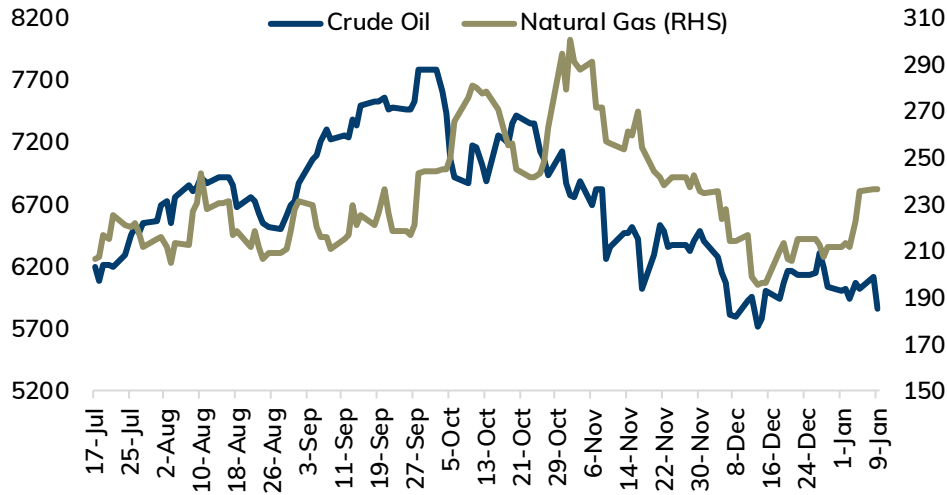
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid pessimistic global market sentiments. Further, investors will remain cautious ahead of credit lending and trade data from China to gauge prospect for demand in world's biggest metal consumer. Moreover, market participants fear that global economic slowdown would hurt demand for industrial metal
- MCX Copper January is expected to slip further towards 710 level as long as it stays below 719 level. A move below 710 would open the doors towards 707 levels.
- Aluminum is expected to hold the support near 202.50 level and rise towards 205.50 levels.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$73.50 as long as it stays above \$71.50 on Libyan supply outage and on fears that conflict between Hamas and Israel could grow into regional crisis disrupting Middle Eastern oil supplies. Additionally, major shipping companies are still avoiding red sea following attacks by Yemini Houthis. Meanwhile, sharp upside may be capped as EIA said US oil production will hit record highs over net 2 years. Investors will remain cautious ahead of EIA weekly inventory data. MCX Crude oil is likely to rise further towards 6200 levels as long as it trades above 5900 levels.
- MCX Natural gas is expected to rise towards 280 level as long as it trades above 263 level on forecasts for extremely cold weather next week that would boost demand. Additionally, investors fear that extreme cold could cause decline in production due to freezing oil and gas wells, pipes and other energy equipment

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61885	62032	62261	62408	62637
Silver	71358	71702	72351	72695	73344
Copper	706.5	710.2	717.0	720.7	727.6
Aluminium	201.7	202.7	203.5	204.5	205.4
Zinc	221.4	222.4	223.8	224.8	226.1
Lead	180.9	181.3	181.9	182.3	183.0
Crude Oil	5790	5912	5991	6113	6192
Nat Gas	220	246	260	286	299

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.07	83.13	83.17	83.23	83.27
US\$INR (Feb)	83.16	83.22	83.25	83.31	83.35
EURINR (Jan)	90.83	90.92	91.08	91.17	91.32
EURINR (Feb)	90.98	91.07	91.22	91.31	91.46
GBPINR (Jan)	105.55	105.67	105.86	105.97	106.16
GBPINR (Feb)	105.64	105.75	105.93	106.04	106.22
JPYINR (Jan)	57.70	57.82	57.99	58.11	58.27
JPYINR (Feb)	58.04	58.16	58.32	58.44	58.60

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.57	102.21	0.35%
US\$INR	83.11	83.14	-0.03%
EURUSD	1.0931	1.0950	-0.17%
EURINR	90.97	90.94	0.04%
GBPUSD	1.2710	1.2748	-0.30%
GBPINR	105.84	105.54	0.29%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.188	7.202	-0.014
US	4.013	4.031	-0.0172
Germany	2.188	2.136	0.052
UK	3.782	3.772	0.01
Japan	0.591	0.610	-0.019

## 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	160550	-1175	-0.73%
Aluminium	565275	-3825	-0.67%
Zinc	216800	-1575	-0.72%
Lead	124925	-1475	-1.17%
Nickel	68454	3558	5.48%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 08, 2024						
12:30 PM	Europe	German Factory Orders m/m	0.30%	1.10%	-3.70%	Medium
3:30 PM	Europe	Retail Sales m/m	-0.30%	-0.30%	0.10%	Medium
Tuesday, January 09, 2024						
12:30 PM	Europe	German Industrial Production m/m	-0.7%	0.4%	-0.4%	Medium
3:30 PM	Europe	Unemployment Rate	6.4%	6.5%	6.5%	Medium
Wednesday, January 10, 2024						
8:30 PM	US	Final Wholesale Inventories m/m		-0.2%	-0.2%	Medium
9:00 PM	US	Crude Oil Inventories		-	(-5.5) M	Medium
Thursday, January 11, 2024						
7:00 PM	US	CPI y/y		3.20%	3.10%	High
7:00 PM	US	Unemployment Claims		211k	202k	High
Friday, January 12, 2024						
7:00 AM	China	CPI y/y		-0.4%	-0.5%	High
7:00 AM	China	PPI y/y		-2.6%	-3.0%	Medium
12:30 PM	UK	GDP m/m		0.2%	-0.3%	High
12:30 PM	UK	Industrial Production m/m		0.3%	-0.8%	Medium
5:30 PM	India	CPI y/y		5.7%	5.5%	High
5:30 PM	India	Industrial Production y/y		7.2%	11.7%	High
7:00 PM	US	Core PPI m/m		0.2%	0.0%	High



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