

January 11, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	January	Buy	714.50-715	721	711	Intraday
EURINR	January	Buy	91.00-91.02	91.30	90.80	Intraday

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News and Developments

- Spot gold prices eased amid higher longer dated global bond yields. Further, investors remain cautious ahead of inflation data from US that could shape the Fed's outlook on interest rate cut this year. However, sharp downside was cushioned amid weak dollar
- Dollar slip yesterday amid rise in risk appetite in the domestic markets and strength in euro. Euro gained after ECB Executive Board member Schnabel said it is too early for the ECB to discuss interest rate cuts
- As per CME Fedwatch tool expectations for Fed to cut rate in March increased to 64.7% from 60.8% a day ago while, prospects of no rate cut decline to 32.6% from 36% a day ago
- Yield on benchmark US 10-year treasury note rose to 4.030% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.362%. Yields on shorter-end slipped as investors priced in CPI report that could show easing price pressure, moving Fed closer to end of its tightening cycle
- Crude oil prices slipped more than 1% yesterday amid surprise build in EIA crude oil stockpiles and larger than expected jump in storage of gasoline and distillate stocks. As per EIA report crude inventories rose by 1.3 million barrels and Gasoline stocks rose by 8 million barrels while distillate stocks jumped by 6.5 million barrels in the week ended 5th Jan 2024
- Copper prices rose yesterday amid weak dollar and improved global market sentiments. Further, prices moved up on persistent decline in inventories at LME registered warehouses
- Natural gas futures slipped more than 9% yesterday on forecasts for the weather to turn warmer than normal in late January

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61996	-0.29%	2024.41	-0.29%
Silver	71969	-0.11%	22.90	-0.35%
Copper	716.4	0.35%	8370.50	0.01%
Aluminium	202.9	-0.39%	2232.50	-0.76%
Zinc	222.9	-0.27%	2495.50	-0.32%
Lead	182.4	0.39%	2083.50	1.56%
WTI Crude Oil	5931	-1.71%	71.37	-1.20%
US Nat Gas	248.8	-8.39%	3.04	-4.73%

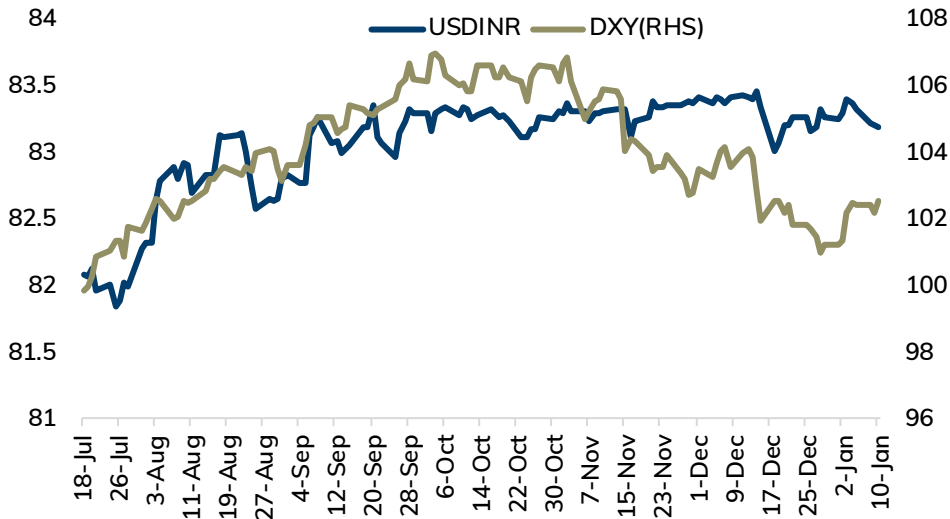
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.11	-0.11%	3844695	122896	1952504	514327
EURINR (29th Jan)	91.05	0.04%	176480	531	136607	-40942
GBPINR (29th Jan)	105.74	-0.04%	264905	-4701	189464	-16514

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	January	Buy	5960-5980	6150	5900	Exit in Loss
USDINR	January	Buy	83.14-83.15	83.30	83.05	Stoploss Triggered

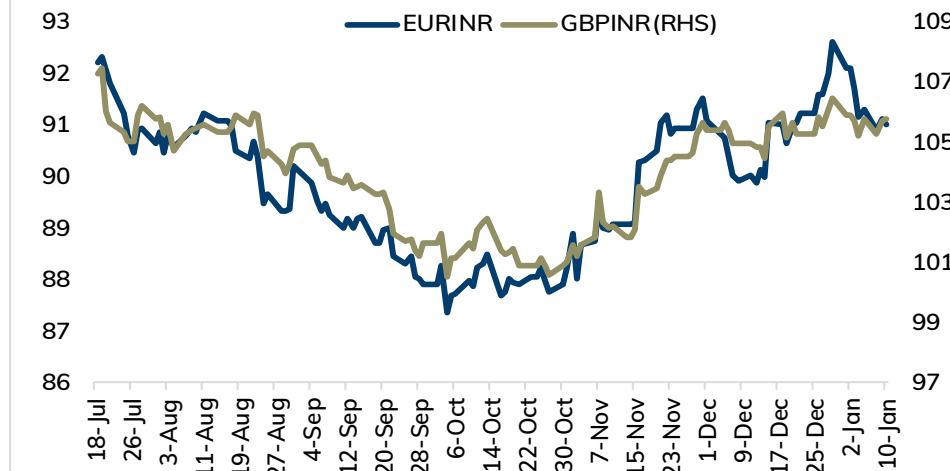
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee extended its gain for the sixth day in a row amid strong inflow of funds into the domestic market and weakness in oil prices. Dollar inflows helped the rupee to hit its highest level since December 15.
- Rupee is likely to appreciate further amid strong domestic inflows and softness in the dollar. Further, cooling US inflation numbers would push the Federal reserve to cut the interest rates in March 2024. The US core prices are expected to increase by 3.8% against November reading of 4%, indicting more evidence of easing inflation. The CME Fed-Watch tool suggests more than 64% probability of 25 bps rate cut in March. USDINR may face the hurdle near 83.20 and move lower towards 82.90. A move below 82.90 would open the doors towards 82.80 mark.

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained yesterday largely due to weakness in the dollar. Further improved economic numbers from the Euro zone and hawkish comments from ECB members pushed the bond yields higher. The rate cut probability in the next meeting still holds below 5% suggesting ECB to keep rates higher in the first half of 2024. For today, EURUSD is likely to move higher towards 1.1010 levels as long as it stays above 1.0950 amid weak dollar and improved risk sentiments. EURINR is likely to rise towards 91.50 as long as it holds above 90.80 levels
- Pound is expected to hold its gains and move towards 1.2790 amid weak dollar. Further, BOE Gov Bailey's stance to bring back the inflation back to target 2% would also support the pair to trade above 1.27. GBPINR is likely to rise towards 106.10, as long as it holds above 105.50 level.

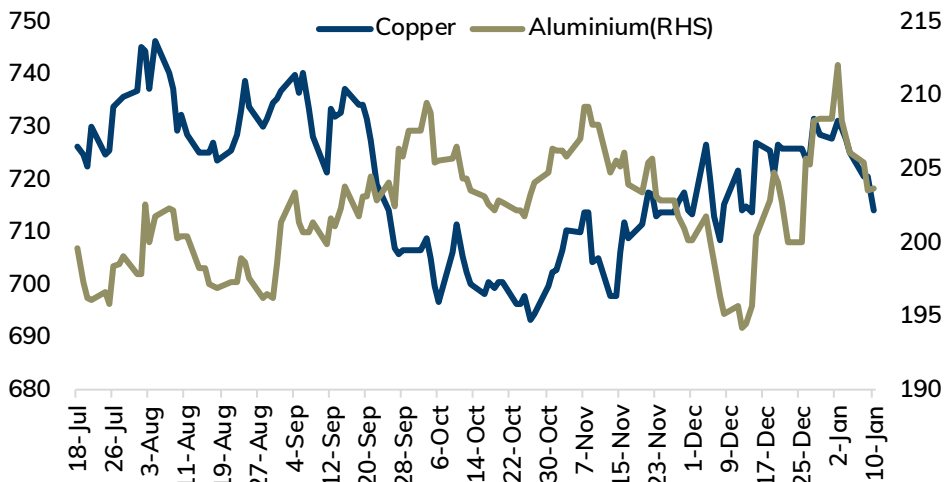
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$2015 and rise towards \$2045 level amid weakness in dollar and softening of US treasury yields. Dollar and yields may move south ahead of major economic data from US, as it would shed some light on when Fed would start cutting rates. US CPI data is likely to show that price pressure continued to ease further and jobless claims data is projected to show that more number of people filled for benefits. Colling inflation and crack in labor market may give US Federal Reserve more incentive to start cutting rates as early as March 2024. Additionally, demand for safe haven may increase on escalating tension in Middle East.
- MCX Gold prices is likely to move north towards 62,400 level as long as it trades above the support level of 61,800 levels
- MCX Silver is expected to follow gold and rise back towards 72,500 level as long as it sustains above 71,500 level.

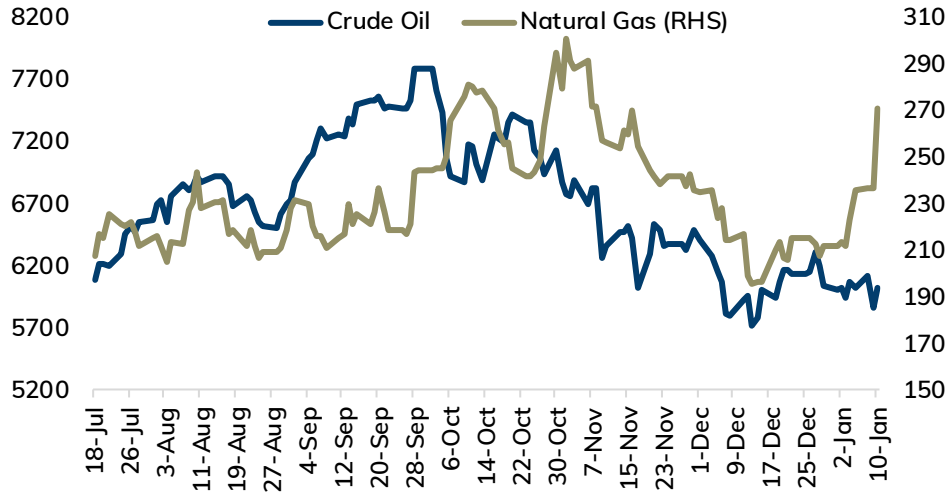
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid weak dollar and optimistic global market sentiments. Further, consistent decline in stockpile at LME registered warehouses would lend support to prices. Moreover, prices may rally on expectation of further monetary easing by PBOC. Meanwhile, investors will remain cautious ahead of trade data from China to gauge prospects for demand in world's biggest metal consumer
- MCX Copper January is expected to rise back towards 721 level as long as it stays above 711 level. A move above 721 would open the doors towards 725 levels.
- Aluminum is expected to hold the support near 202.50 level and rise towards 204.50 levels.

MCX Crude Oil vs. Natural Gas



Energy Outlook

NYMEX Crude oil is expected to rise back towards \$73 as long as it stays above \$70.50 on weakness in dollar and concern over supply disruption as investors fears that conflict between Hamas and Israel could widen to other areas of Middle East. However, sharp upside may be capped as surprise build up in crude oil inventories raised worries about demand in the largest oil market.

- MCX Crude oil is likely to rise further towards 6050 levels as long as it trades above 5850 levels.
- MCX Natural gas is expected to slip further towards 237 level as long as it trades below 255 level on forecasts of warmer than normal temperature in late January. Meanwhile, investors will remain cautious ahead of EIA weekly inventory. It is expected to show a 120Bcf draw on underground storage for the week ending 5th January

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61687	61842	62120	62275	62553
Silver	71280	71625	72009	72354	72738
Copper	711.1	713.7	715.8	718.4	720.5
Aluminium	201.5	202.2	203.2	203.9	205.0
Zinc	220.8	221.8	223.2	224.2	225.6
Lead	181.3	181.8	182.3	182.9	183.4
Crude Oil	5796	5863	5988	6055	6180
Nat Gas	232	240	256	264	280

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	82.91	83.01	83.13	83.23	83.35
US\$INR (Feb)	83.01	83.10	83.21	83.31	83.42
EURINR (Jan)	90.80	90.93	91.01	91.13	91.21
EURINR (Feb)	90.96	91.08	91.16	91.28	91.35
GBPINR (Jan)	105.43	105.58	105.68	105.83	105.93
GBPINR (Feb)	105.51	105.67	105.76	105.91	106.01
JPYINR (Jan)	57.35	57.45	57.60	57.70	57.85
JPYINR (Feb)	57.70	57.79	57.94	58.04	58.19

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.36	102.57	-0.20%
US\$INR	83.04	83.11	-0.09%
EURUSD	1.0973	1.0931	0.38%
EURINR	90.90	90.97	-0.07%
GBPUSD	1.2742	1.2710	0.25%
GBPINR	105.67	105.84	-0.17%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.181	7.188	-0.007
US	4.028	4.013	0.015
Germany	2.212	2.188	0.024
UK	3.819	3.782	0.037
Japan	0.586	0.591	-0.005

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
1/10/2024	9:00 PM	1.3M	-0.2M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	158900	-1650	-1.03%
Aluminium	561825	-3450	-0.61%
Zinc	215225	-1575	-0.73%
Lead	123350	-1575	-1.26%
Nickel	68322	-132	-0.19%

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%	-0.2%	Medium
9:00 PM	US	Crude Oil Inventories	1.3M	(-0.2)M	(-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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