

January 23, 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	February	Buy	6180-6200	6330	6100	Intraday
USDINR	January	Buy	83.00-83.02	83.20	82.90	Intraday

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## News and Developments

- Spot gold prices traded lower on Monday amid fading hopes of early rate cut in March by the Federal Reserve. Recent economic numbers from US has indicated that the economy is in a better shape and uptick in the inflation numbers also supported the prospects of higher for longer rates. Meanwhile, investors await key economic numbers and core PCE data this week to get more clarity on the future rate path
- Dollar remained steady near 103.25 after last week's economic data from US signaled resilience in the economy.
- As per CME Fedwatch tool, expectations for Fed to cut rate in March dipped to 40.5% from 76.9% a week ago while, prospects of no rate cut rose to 58.4% from 19.0 % a week ago
- Yield on benchmark US 10-year treasury note dipped towards 4.10% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.39%.
- Crude oil prices edged higher yesterday as increasing geopolitical tension in the Middle east and Ukraine raised the concerns on supply against economic headwinds. Meanwhile, resumption of oil production at Libya's oilfield has checked it upside.
- Copper prices traded lower on Monday amid worries over Chinese economic growth. Slowdown in China's debt-heavy property sector and contraction in manufacturing around the world has hit prices over the past year. Meanwhile, drop in LME copper inventory by 18% since Mid of October last year has checked its downside.
- NYMEX natural gas prices dropped more than 4% on Monday on forecasts for lower demand as the weather turns warmer than normal through early February.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61868	-0.22%	2021.70	-0.38%
Silver	70816	-0.90%	22.10	-2.32%
Copper	714.9	-0.41%	8345.50	-0.07%
Aluminium	196.2	-0.63%	2159.00	-0.32%
Zinc	219.4	-0.18%	2456.50	-0.22%
Lead	180.5	-0.30%	2124.50	0.90%
WTI Crude Oil	6265	2.57%	75.19	2.42%
US Nat Gas	202.8	-3.84%	2.42	-3.97%

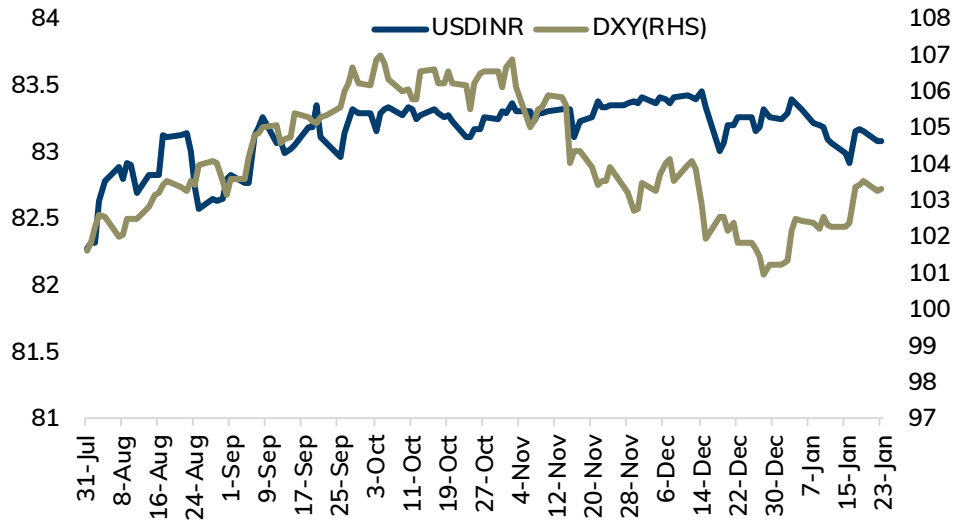
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.16	-0.02%	3492877	-94470	2132684	-175474
EURINR (29th Jan)	90.60	0.12%	166762	-4310	142648	-19047
GBPINR (29th Jan)	105.51	0.04%	232166	1645	170704	-137774

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude oil	February	Buy	6090-6110	6250	6000	Profit Booked
GBPINR	January	Buy	105.40-105.42	105.80	105.20	Exit in Loss

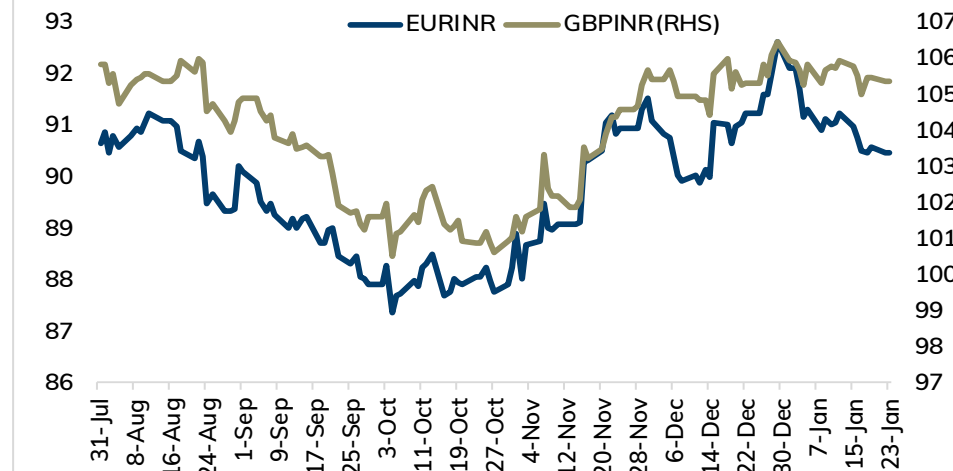
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee appreciated on Friday aided by dollar sales from foreign banks, but it ended the week on the losing side amid moderation in US rate cut expectation and outflow from equity.
- Rupee is likely to trade with weaker bias amid strong dollar and US treasury yields. Decreasing probability of early rate cut in March by the Federal reserve would support the dollar to hold its ground. Moreover, outflow of funds from the domestic equities would check the rupee appreciation. Meanwhile, investors will remain cautious ahead of key economic numbers from US to reassess the rate cut probability in March. USDINR Jan is likely to consolidate in between 83.00-83.25. Only above 83.25 it would open the doors towards 83.40.

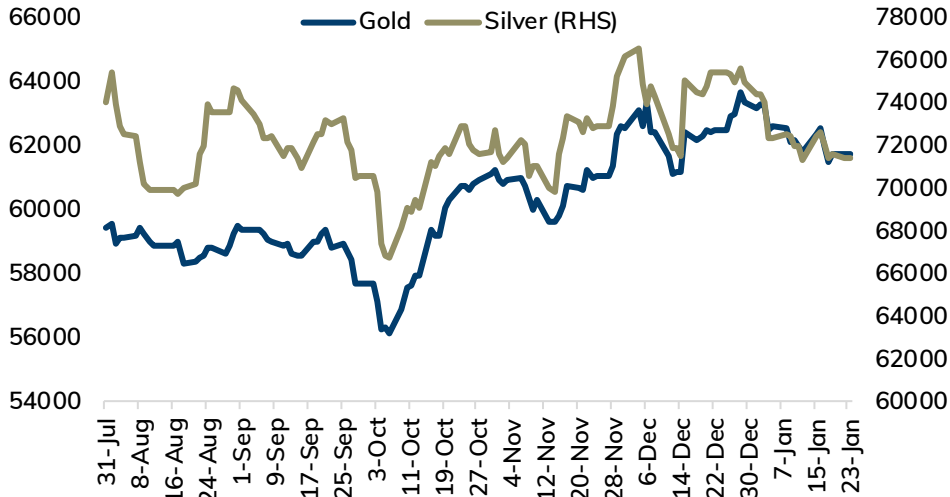
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro traded lower on Monday amid strong dollar and negative Eurozone economic numbers. For today, EURUSD is likely to face the hurdle near 1.0910 level and slip towards 1.0850 levels amid expectation weaker consumer confidence data in the Eurozone and firmness in the dollar. Meanwhile, investors will remain cautious ahead of this week's key ECB interest rate decision. EURINR January may dip towards 90.20, as long as it trades under 90.70.
- Pound is expected to face the resistance near 1.2740 and weaken towards 1.2660 amid strong dollar. Further, weaker retail sales numbers and expectation of contraction in the manufacturing activity could check the upside in the pair. However, reducing prospects of rate cut could limit its downside. GBPINR Jan is likely to move in the range of 105.40-106.00.

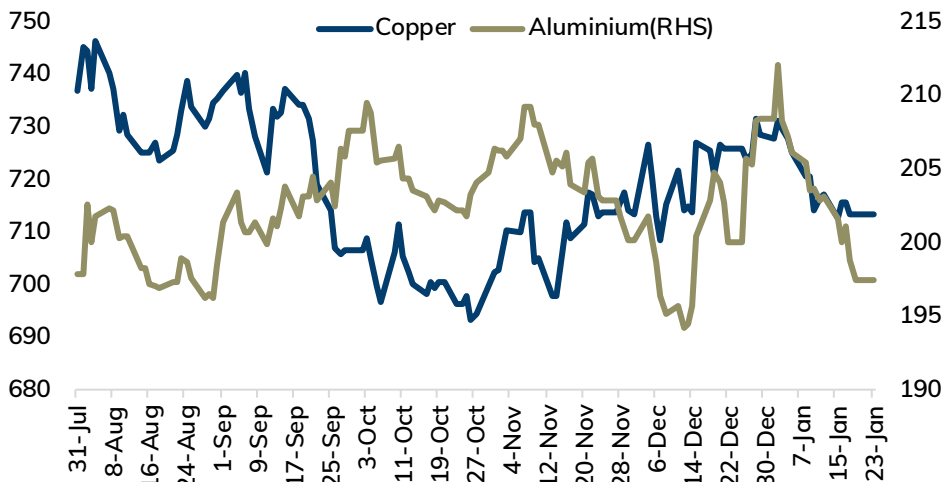
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face hurdle near \$2032 level and move back towards \$2010 level amid strong dollar and rise in US treasury yields. Improved economic numbers from US showed resilience in the economy, diminishing expectations for imminent rate cuts from US Federal Reserve. The CME Fed-watch tool indicates below 42% probability of rate cut in March against last weeks reading of 76.9%. Meanwhile, demand for safe haven may continue to rise on escalating tension in Middle East
- MCX Gold prices is likely to face hurdle near 62,300 level and slip towards 61,600 levels
- MCX Silver is expected to follow gold and slip back towards 70,200 level as long as it sustains below 71,500 level.

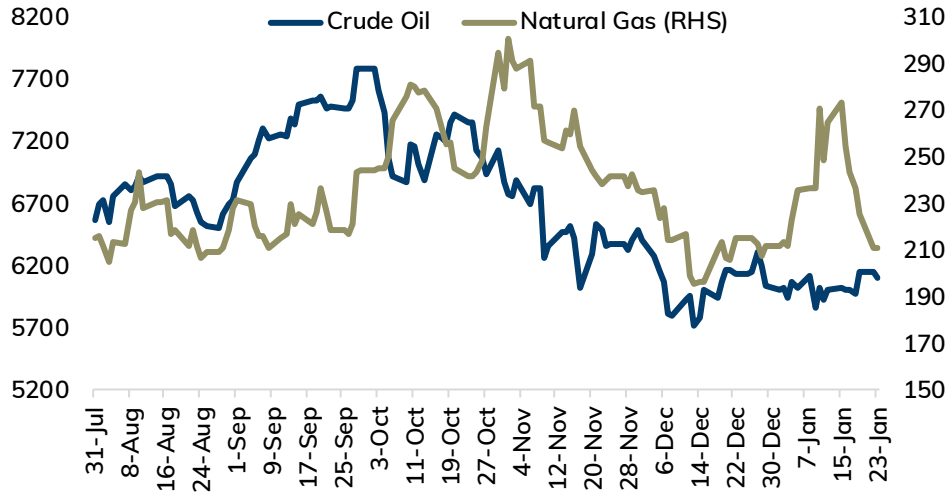
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar, diminishing hopes of more stimulus from the Chinese officials to support the economy. Further, investors fear that higher borrowing cost for longer duration will hurt global economic growth and dent demand for industrial metal. Meanwhile, depleting stocks in LME and tight supply could lent some support to the metal.
- MCX Copper is expected to slip towards 710 level as long as it stays below 719 level. A move above 719 would reverse the trend and open the doors for 723 levels.
- Aluminum is expected to slip further towards 194 level amid record production from China.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to hold the support near \$73 and rise towards \$76 level amid fears of reduced Russian crude exports. Further, investors fear over escalating tension in Middle East after Yemeni Houthi asserted to keep attacking ships in Red Sea. However, sharp upside may be capped on strong dollar, amid growing doubts that major central banks will cut interest rates in first quarter of 2024.
- MCX Crude oil Feb is likely to rise further towards 6350 levels as long as it trades above 6140 levels. Only a move above 6350, it would open the doors towards 6450.
- NYMEX Natural gas is expected to remain under pressure amid forecast of warmer than normal weather in US. Further, higher production in the region could also weigh on the prices. MCX Natural gas is likely to face the hurdle near 210 and move lower towards 196 level.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61593	61730	61890	62027	62187
Silver	69906	70361	70806	71261	71706
Copper	712.1	713.5	714.9	716.3	717.7
Aluminium	195.5	195.8	196.3	196.6	197.1
Zinc	217.7	218.5	219.2	220.0	220.7
Lead	177.6	179.0	180.3	181.7	183.0
Crude Oil	6050	6158	6217	6325	6384
Nat Gas	193	198	201	206	209

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	83.09	83.12	83.17	83.20	83.25
US\$INR (Feb)	83.18	83.21	83.25	83.28	83.32
EURINR (Jan)	90.42	90.51	90.63	90.72	90.84
EURINR (Feb)	90.59	90.67	90.78	90.86	90.97
GBPINR (Jan)	105.24	105.37	105.50	105.64	105.77
GBPINR (Feb)	105.36	105.47	105.59	105.71	105.83
JPYINR (Jan)	56.19	56.27	56.36	56.44	56.52
JPYINR (Feb)	56.55	56.62	56.71	56.79	56.88

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.54	103.45	0.08%
US\$INR	83.12	83.14	-0.02%
EURUSD	1.0876	1.0883	-0.06%
EURINR	90.48	90.44	0.04%
GBPUSD	1.2706	1.2676	0.24%
GBPINR	105.35	105.43	-0.07%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.179	7.166	0.013
US	4.142	4.102	0.0401
Germany	2.349	2.316	0.033
UK	3.930	3.985	-0.055
Japan	0.651	0.617	0.034

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
1/18/2024	9:30 PM	-2.5M	-0.6M
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

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	157325	3250	2.11%
Aluminium	556300	-1375	-0.25%
Zinc	204125	-1575	-0.77%
Lead	112625	-1725	-1.51%
Nickel	69438	-72	-0.10%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 22, 2024						
6:50 AM	China	5-y Loan Prime Rate	4.20%	4.20%	4.20%	Medium
Tuesday, January 23, 2024						
Tentative	Japan	BOJ Policy rate		-0.1%	-0.1%	High
8:30 PM	US	Richmond Manufacturing Index			-11.0	Medium
Wednesday, January 24, 2024						
2:30 PM	Europe	Flash Manufacturing PMI			44.4	Medium
2:30 PM	Europe	Flash Services PMI			44.4	Medium
3:00 PM	UK	Flash Manufacturing PMI			46.4	High
3:00 PM	UK	Flash Services PMI			53.4	High
8:15 PM	US	Flash Manufacturing PMI			47.9	High
8:15 PM	US	Flash Services PMI			51.4	High
9:00 PM	US	Crude oil Inventories			(-2.5)M	Medium
Thursday, January 25, 2024						
2:30 PM	Europe	German ifo Business Climate			86.40	Medium
6:45 PM	Europe	Main Refinancing Rate		4.5%	4.5%	High
7:00 PM	US	Advance GDP q/q			4.9%	High
7:00 PM	US	Unemployment Claims			187k	High
7:00 PM	Europe	ECB Press Conference			-	High
8:30 PM	US	New Home Sales			590k	Medium
Friday, January 26, 2024						
12:30 AM	Europe	German GfK Consumer Climate			-25.1	Medium
7:00 PM	US	Core PCE Price Index m/m			0.1%	High
8:30 PM	US	Pending Home Sales m/m			0.0%	Medium



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