

March 18, 2024

# Daily Currency & Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	March	Sell	764-764.50	758	768	Intraday
USDINR	March	Buy	82.84-82.85	83.00	82.74	Intraday

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## News and Developments

- Spot gold prices ended on the negative note losing more than 0.2% on Friday amid strong dollar and surge in US treasury yields across curve. Prices dipped on fear that Federal Reserve may defer interest rate cuts beyond June after data indicated that US CPI increased above expectations and US producer prices also showed some stickiness in inflation
- Dollar index advanced on Friday by 0.08% as mixed batch of economic data from US signaled resilience in the economy, boosting expectations for fewer interest rate cuts by the Federal Reserve this year.
- The US March Empire manufacturing survey of general business conditions index fell -18.5 to -20.9. The University of Michigan US March consumer sentiment index unexpectedly fell -0.4 to 76.5, weaker than expectations of an increase to 79.7
- U.S. Treasury yields climbed after mixed batch of economic data showed the US economy remained stable, suggesting the Federal Reserve could keep interest rates higher for longer. Yield on benchmark US 10-year treasury note rose to 4.310% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.73%.
- Crude oil prices ended on negative note on Friday amid strong dollar. Further, energy services firm Baker Hughes said oil rig count rose to its highest in 6 months. Oil rigs rose six to 510 this week
- Copper prices ended on the positive note gaining more than 1.5% on Friday amid concerns over supply disruption and about possible output cuts in China. Chinese smelters agreed to trim production in the face of weak profits and losses. Further, Fund buying propelled copper prices to new highs

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	65542	-0.08%	2155.90	-0.29%
Silver	75650	0.56%	25.19	1.49%
Copper	762.3	1.34%	9072.00	2.08%
Aluminium	204.6	0.44%	2274.50	1.02%
Zinc	222.7	-0.22%	2561.00	0.51%
Lead	180.1	-0.83%	2129.50	-1.32%
WTI Crude Oil	6720	-0.33%	81.04	-0.27%
US Nat Gas	138.3	-3.49%	1.66	-4.94%

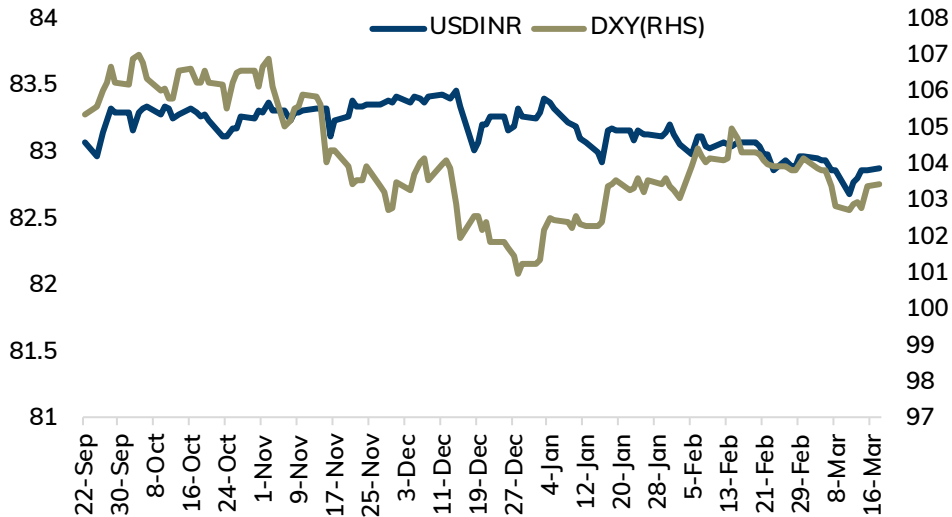
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	82.88	0.02%	2938757	-6166	2173965	624035
EURINR (26th Mar)	90.26	-0.44%	98386	-33704	174518	95421
GBPINR (26th Mar)	105.66	-0.44%	193326	-56707	203854	98993

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	April	Sell	55500-65520	65100	65750	Profit Booked
USDINR	March	Buy	82.84-82.85	83.00	82.74	Not Initiated

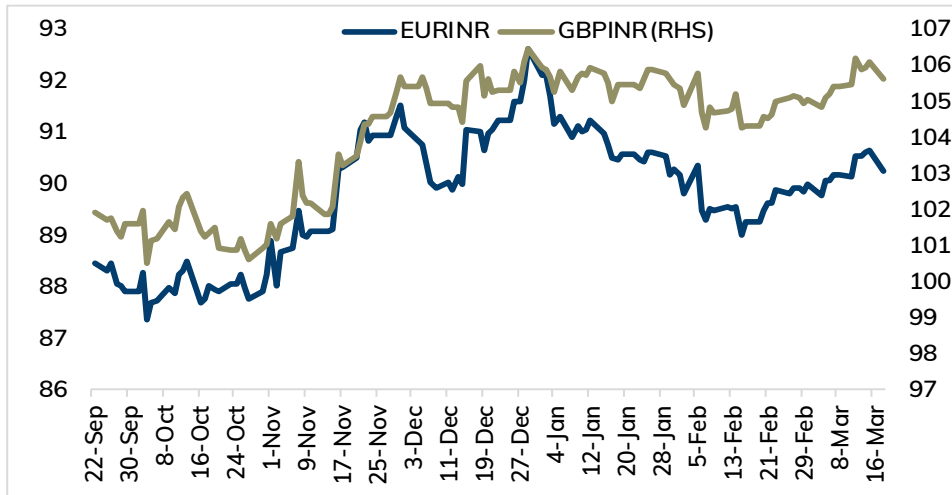
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee edged lower on Friday amid strong dollar and rise in US treasury yields. Sticky inflation numbers in US has supported the dollar to stay higher. But strong inflows into the domestic markets helped the rupee to trim its losses.
- Rupee is likely to move in sideways range ahead of the upcoming FOMC meeting this week. Last week's sticky inflation numbers would support the Fed to hold the rates higher. Further, higher crude oil prices and weaker global risk sentiments would also weigh on the rupee. Meanwhile, strong inflows into the domestic markets could support the rupee to trim its losses. USDINR March likely to move in the band of 82.80-83.00. Only close above 83.00 it would test 83.10. On the flip side below 82.80 it would again test support at 82.60.

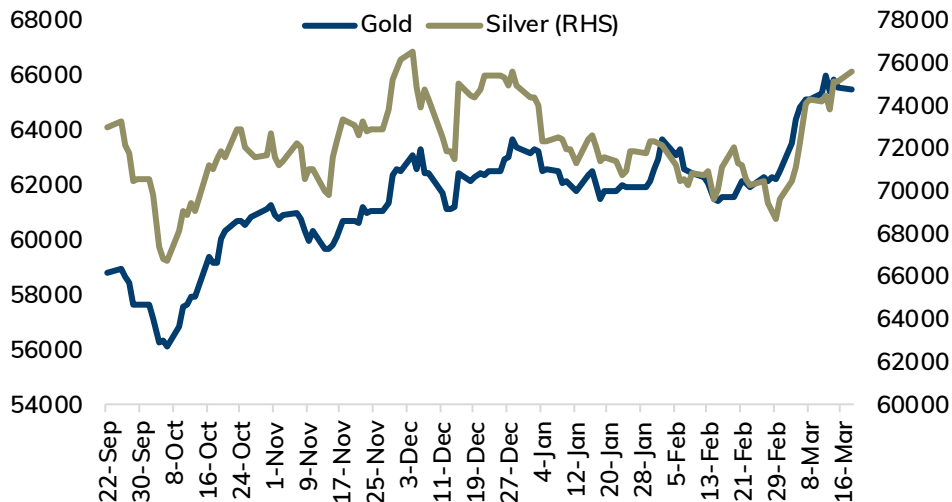
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro recovered from its one-week low and edged higher on Friday amid rise in European bond yields, with the 10-year German yields hitting 2-week highs. For today, EURUSD is likely to face stiff resistance near 1.09 level and move towards 1.0850 amid growing speculation that ECB would start cutting rates this summer to support the growth. EURINR March is likely to weaken towards 90.00, as long as it trades under 90.70.
- Pound also traded lower amid strong dollar. The pair is expected to face stiff resistance near 1.2760 and likely to slip towards 1.27 due to strong dollar and rising yields. We expect the pair to move in a very tight range ahead of this week's monetary policy from Fed and BOE. GBPINR March is likely to move in the range of 105.50 and 106.20 ahead of the policy. Only a move below 105.50 it would slip towards 105.00 level.

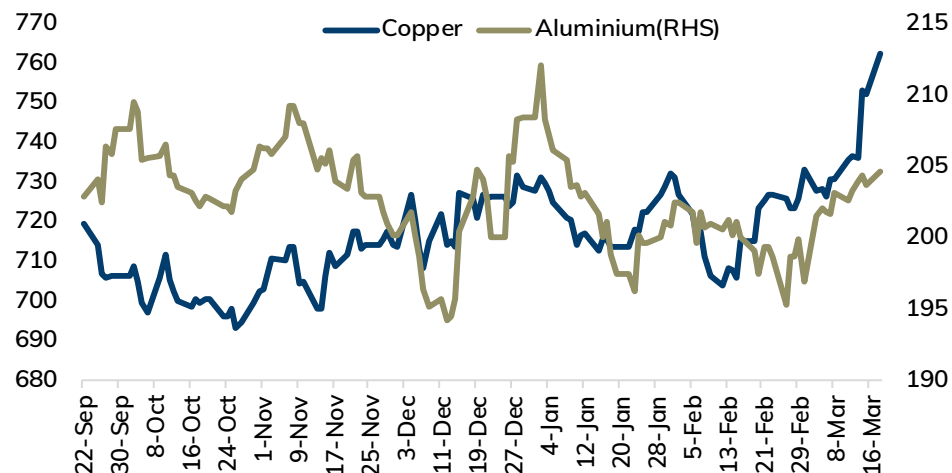
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to face the hurdle near \$2170 levels and slip towards \$2140 levels amid firm dollar and rise in US treasury yields across curve. Dollar is moving north as recent batch of mixed economic data from US showed resilience in economy, reinforcing expectations that Fed could keep interest rates higher for longer duration or reduce the planned number of rate cuts this year. Additionally, Fed is expected to hold rates steady when it meets, while more focus will be on policymakers updated economic and interest rate projections. Meanwhile, demand for safe haven may increase on mounting tension in Middle East and Russia.
- MCX Gold April prices is likely to slid further towards 65,100 level as long as it stays below 65,800 levels
- MCX Silver May is expected to rise further towards 76,200 level as long as it sustains above 75,000 level.

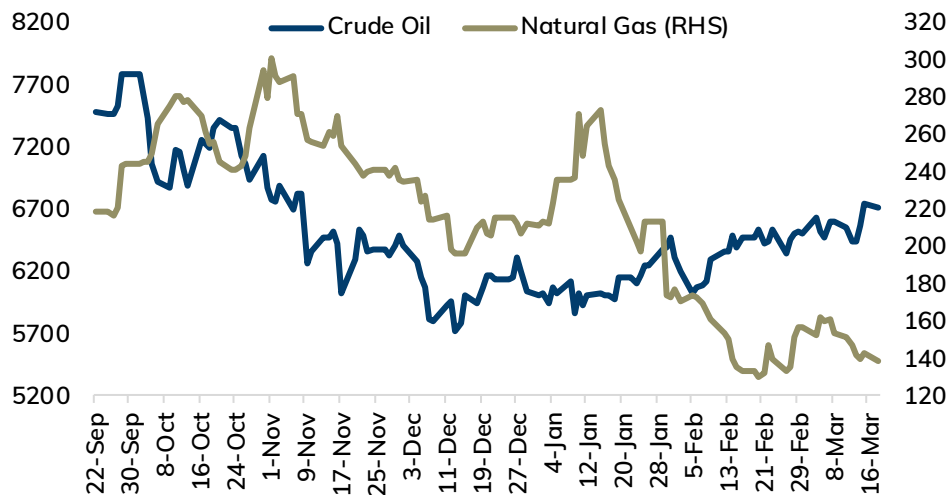
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to trade with negative bias amid strong dollar and risk aversion in the global markets. Further, prices may slip on expectation of disappointing economic data from China. Chinese industrial output is estimated to have risen 5.2% year-on-year, lower than December's growth rate of 6.8%. Investors fear that China's economic activity seems mixed at the start of the year with property remaining a major drag, raising doubts about the nation's ability to gain momentum and hit growth target of around 5%
- MCX Copper is expected to move south towards 758 level as long as it stays below 768 level. A move below 758 would open the doors for 752 levels.
- Aluminum is expected to slip further towards 203 level as long as it stays below 205.50 level.

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip towards \$79 amid strong dollar as mixed batch of economic data from US stoked fears of more hawkish Federal Reserve at the central bank's upcoming meeting and pessimistic global market sentiments. Moreover, expectation of weak economic data from China may fuel the worries over strength of economy. However, sharp downside may be cushioned on escalating tension in Russia and Middle East. Moreover, signs of improving US demand and tightening fuel markets may prevent oil prices to fall beyond \$79.
- MCX Crude oil is likely to slip towards 6550 levels as long as it trades below 6750 levels.
- MCX Natural gas is expected to slip further towards 132 levels as long as it stays below 145 levels amid prospects for warm early spring temperatures

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	65263	65402	65650	65789	66037
Silver	74927	75288	75669	76030	76411
Copper	748.7	755.5	760.1	766.9	771.5
Aluminium	203.2	203.9	204.7	205.4	206.1
Zinc	219.4	221.0	223.1	224.7	226.8
Lead	178.1	179.1	180.5	181.5	182.9
Crude Oil	6637	6678	6712	6753	6787
Nat Gas	131	135	141	145	152

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.78	82.83	82.91	82.96	83.04
US\$INR (Apr)	82.88	82.92	82.99	83.04	83.11
EURINR (Mar)	90.00	90.13	90.30	90.44	90.61
EURINR (Apr)	89.99	90.22	90.61	90.84	91.23
GBPINR (Mar)	105.36	105.51	105.68	105.82	105.99
GBPINR (Apr)	105.51	105.63	105.75	105.87	105.99
JPYINR (Mar)	55.61	55.72	55.92	56.02	56.22
JPYINR (Apr)	56.06	56.16	56.34	56.44	56.61

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.43	103.36	0.07%
US\$INR	82.89	82.83	0.07%
EURUSD	1.0889	1.0883	0.06%
EURINR	90.33	90.62	-0.32%
GBPUSD	1.2736	1.2753	-0.13%
GBPINR	105.70	106.14	-0.42%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.064	7.040	0.024
US	4.306	4.290	0.016
Germany	2.442	2.426	0.016
UK	4.102	4.090	0.012
Japan	0.786	0.777	0.009

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/13/2024	8:00 PM	-1.5M	0.9M
3/6/2024	9:00 PM	1.4M	2.4M
2/28/2024	9:00 PM	4.2M	3.1M
2/22/2024	9:30 PM	3.5M	3.9M
2/14/2024	9:00 PM	12.0M	3.3M
2/7/2024	9:00 PM	5.5M	1.7M
1/31/2024	9:00 PM	1.2M	-0.8M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	107300	-750	-0.69%
Aluminium	571775	-1500	-0.26%
Zinc	264125	-1900	-0.71%
Lead	190575	-375	-0.20%
Nickel	74028	-150	-0.20%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
<b>Monday, March 18, 2024</b>						
7:30 AM	China	Industrial Production y/y	-	-	6.80%	High
1:30 PM	Europe	Final CPI y/y	-	-	2.60%	Medium
<b>Tuesday, March 19, 2024</b>						
Tentative	Japan	BOJ Policy Rate	-	-	-0.10%	High
3:30 PM	Europe	German ZEW Economic Sentiment	-	-	19.90	Medium
6:00 PM	US	Building Permits	-	-	1.47M	Medium
<b>Wednesday, March 20, 2024</b>						
6:45 AM	China	5-y Loan Prime Rate	-	-	3.95%	High
3:30 PM	UK	CPI y/y	-	-	5.10%	High
8:00 PM	US	Crude Oil Inventories	-	-	(-1.5)M	Medium
11:30 PM	US	Federal Funds Rate	-	5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections	-	-	-	
<b>Thursday, March 21, 2024</b>						
2:30 PM	Europe	Flash Manufacturing PMI	-	-	46.5	High
2:30 PM	Europe	Flash Services PMI	-	-	50.2	High
5:30 PM	UK	Official Bank Rate	-	-	5.25%	High
6:00 PM	US	Unemployment Claims	-	-	209K	High
7:15 PM	US	Flash Manufacturing PMI	-	-	52.2	High
7:15 PM	US	Flash Services PMI	-	-	52.3	High
8:00 PM	US	Natural Gas Storage	-	-	-40B	Medium
<b>Friday, March 22, 2024</b>						
12:30 PM	UK	Retail Sales m/m	-	-	3.4%	High
2:30 PM	Europe	German ifo Business Climate	-	-	85.5	Medium



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