

March 4, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	March	Buy	6590-6600	6750	6520	Intraday
EURINR	March	Buy	89.88-89.90	90.30	89.70	Intraday

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News and Developments

- Spot gold prices hit its highest level in two months amid weakness in the dollar and decline in US treasury yields. Gold rallied almost 2% on Friday amid weaker than expected US economic numbers. US February ISM manufacturing and University of Michigan consumer sentiment boosted speculation that the Federal Reserve would soon begin cutting interest rates.
- The US dollar index retreated from its one week high and traded lower on weaker than expected US economic numbers and decline in US treasury yields. The U.S. Feb ISM manufacturing index unexpectedly fell -1.3 to 47.8, against expectations of an increase to 49.5.
- US 10-year treasury yields dipped to 4.184% and the 2-year treasury yield, which typically moves in step with interest rate slide towards 4.535%.
- NYMEX crude oil prices hit the \$80 on Friday amid weakness in the dollar and increasing bets that OPEC+ would extend its 2 million bpd of crude production cuts beyond March. Additionally, persistence tension in the Mideast and attacks on the Red Sea has strengthened the US physical markets as more buyers turned to US.
- Copper prices rebounded from its weekly lows on Friday amid correction in the dollar and depleting inventory levels at LME registered warehouses. However, sharp gains in the metal were capped due to weaker manufacturing PMI numbers from US. Further shrinking factory activity in top consumer China for a fifth straight month also weighed on the metal.
- NYMEX natural gas prices edged lower on Friday amid forecast of above average US winter temperatures in next 15 days, which will curb the demand.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	63563	1.59%	2082.92	1.89%
Silver	70491	1.19%	23.12	1.98%
Copper	728.0	-0.70%	8503.50	0.12%
Aluminium	201.5	2.31%	2245.00	0.76%
Zinc	214.4	-0.95%	2417.00	-0.37%
Lead	177.8	0.34%	2034.50	-1.19%
WTI Crude Oil	6638	1.92%	79.97	2.19%
US Nat Gas	153.1	-2.55%	1.84	-1.34%

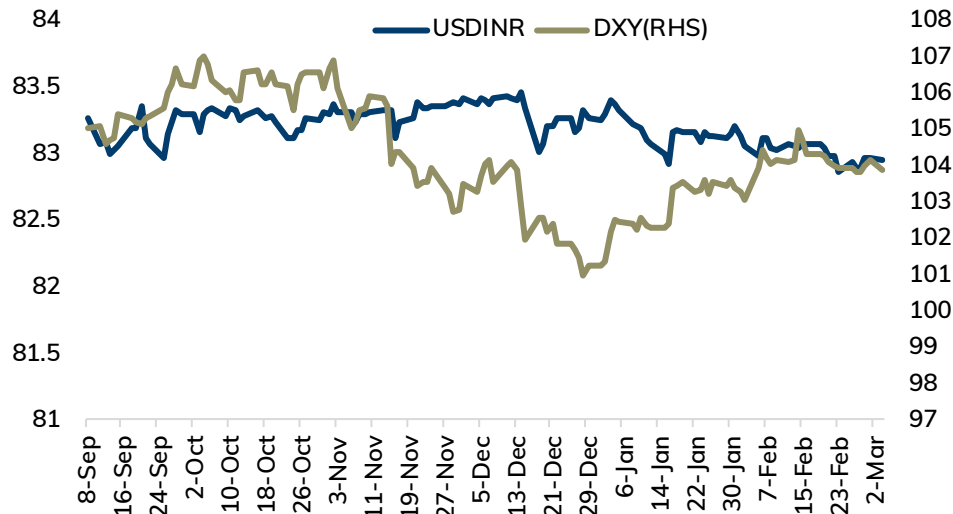
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	82.95	-0.03%	2625191	297302	1726358	119463
EURINR (26th Mar)	89.79	-0.25%	114050	5505	184828	48849
GBPINR (26th Mar)	104.83	-0.23%	218772	20913	208025	34180

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	April	Buy	62440-62450	62900	62200	Target Achieved
USDINR	March	Sell	82.97-82.98	82.82	83.07	Not Initiated

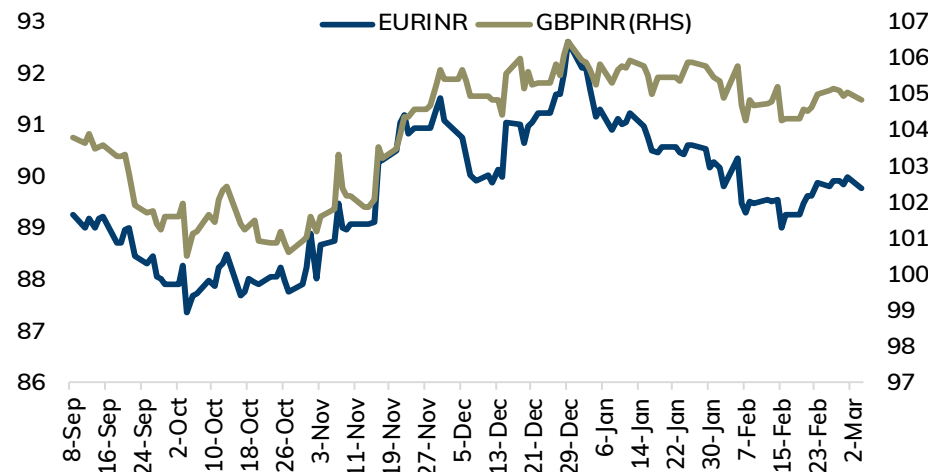
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated on Friday amid rise in risk appetite in the domestic market and as India's GDP growth in the Q3FY24 far exceeded expectations
- Rupee is likely to appreciate today amid weakness in dollar and US treasury yields. Dollar is moving south as weaker than expected economic data from US boosted market expectations that the Federal Reserve will start cutting interest rates in June. Moreover, rise in risk appetite in the domestic market and FII inflows would aid rupee to gain strength. Meanwhile, sharp gains may be prevented due to surge in crude oil prices following OPEC+ members decision to extend voluntary oil output cuts of 2.2 mbpd into the second quarter. USDINR March likely to slip towards 82.80 levels as long as it sustains below 83.00 levels

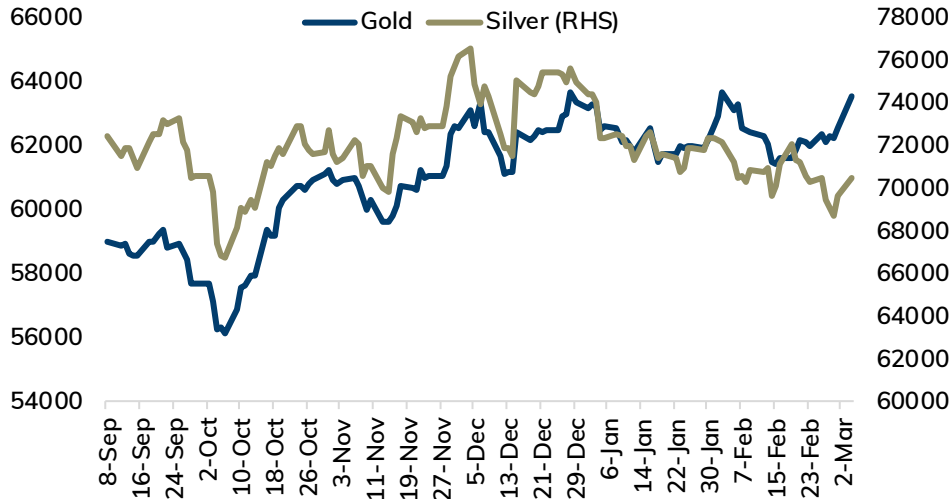
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged higher by 0.30% on Friday amid weakness in dollar and as Eurozone CPI rose more than expected. Moreover, hawkish comments from ECB Governing Council member Holzmann supported single currency. For today, EURUSD is likely to hold the support near 1.0800 level and rise towards 1.0870 level amid soft dollar and optimistic global market sentiments. Further, sticky inflation data added to the case for the ECB to hold interest rates at record highs a bit longer. EURINR March may rise towards 90.30 level as long as it trades above 89.60 levels
- Pound is expected to rise further towards 1.2700 level amid soft dollar and hawkish comments from BOE officials. BOE chief economist Huw Pill said he thought the time for a first interest rate cut by the central bank remained "some way off." GBPINR March is likely to move north towards 105.20 level as long as it stays above 104.70 levels

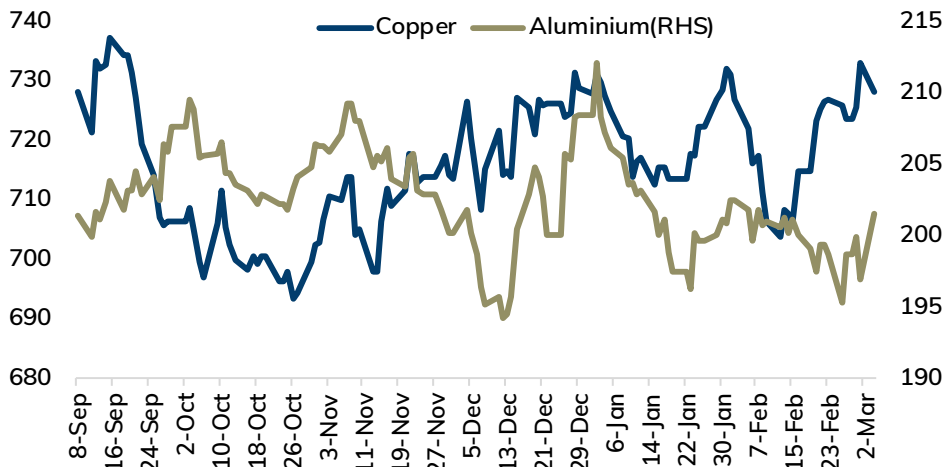
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to hold the support of \$2066 and rise towards \$2090, amid softness in the dollar and decline in US treasury yields. Last week's weaker than expected economic numbers from US and safe haven appeal for the metal would provide enough support to the bullions to hold firm. The CME Fed-Watch tool indicates more than 52% probability of 25 bps rate cut in June and May rate cut bets inched upwards to 25%. Meanwhile, investors will eye on more economic numbers this week to get more clarity on the timing of first interest rate cut.
- MCX Gold April price is expected to hold the support near 63100 and extend its rally towards 63900.
- MCX Silver May is likely to rise towards 73200, as long as it holds above the key support of 71,600.

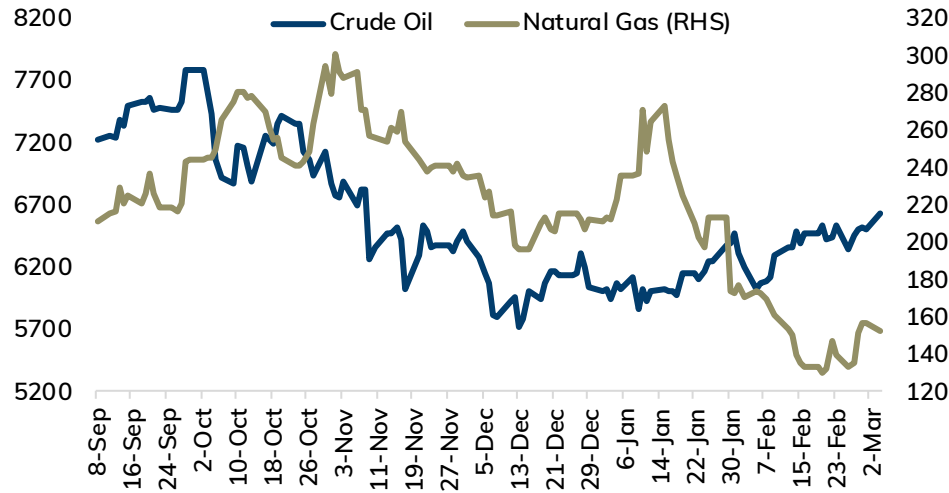
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to move higher amid softness in the dollar and hopes of fresh round of stimulus from China to support its struggling housing sector. Investors will keep an eye on annual parliamentary meeting from China. Further, investors will remain cautious ahead of economic numbers from US to get further clarity on interest rate path.
- MCX Copper March is expected to move in the band of 723 and 730. Only close above 730, it would move higher towards 735
- Aluminum March future is expected to hold the support near 199 and extend its rebound towards 203. Above 203 it would rise towards 205.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to hold the support at \$79 and move higher towards \$82 as OPEC+ members led by Saudi Arabia and Russia agreed to extend its voluntary production cuts of 2.2 Mbpd into the second quarter. Further, rising geopolitical tension in the Mideast and Houthi attacks on Red Sea shipping despite concerns on economic growth would support the oil prices to stay higher. NYMEX crude has breached the key resistance level at \$80, if it sustains above then it would extend its rally towards \$82.
- MCX Crude oil March is expected to rise towards 6750, as long as it holds above 6520.
- MCX Natural gas March futures is expected to hold the support near 150 and move higher towards 160. Only below 150 it would turn weaker.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61984	62774	63192	63982	64400
Silver	68975	69733	70183	70941	71391
Copper	719.4	723.7	726.7	730.9	733.9
Aluminium	198.2	199.8	201.0	202.7	203.9
Zinc	211.8	213.1	214.1	215.4	216.4
Lead	176.9	177.4	178.0	178.5	179.1
Crude Oil	6383	6511	6602	6730	6821
Nat Gas	148	151	154	157	160

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.87	82.91	82.94	82.98	83.01
US\$INR (Apr)	83.00	83.03	83.06	83.09	83.12
EURINR (Mar)	89.60	89.70	89.78	89.87	89.95
EURINR (Apr)	89.82	89.92	90.00	90.10	90.18
GBPINR (Mar)	104.65	104.74	104.81	104.90	104.97
GBPINR (Apr)	104.75	104.85	104.95	105.05	105.15
JPYINR (Mar)	55.32	55.38	55.43	55.49	55.54
JPYINR (Apr)	55.75	55.81	55.86	55.92	55.96

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.86	104.16	-0.28%
US\$INR	82.91	82.91	-0.01%
EURUSD	1.0837	1.0805	0.30%
EURINR	89.68	89.98	-0.33%
GBPUSD	1.2655	1.2625	0.24%
GBPINR	104.72	105.02	-0.29%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.057	7.078	-0.021
US	4.180	4.250	-0.0704
Germany	2.414	2.411	0.003
UK	4.114	4.124	-0.01
Japan	0.717	0.709	0.008

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
1/24/2024	9:00 PM	-9.2M	-1.2M
1/18/2024	9:30 PM	-2.5M	-0.6M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	121375	-1300	-1.06%
Aluminium	589075	-575	-0.10%
Zinc	275950	-150	-0.05%
Lead	179250	-1975	-1.09%
Nickel	73788	1158	1.59%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 04, 2024						
3:00 PM	Europe	Sentix Investor Confidence	-	-10.8	-12.9	Medium
Tuesday, March 05, 2024						
5:00 AM	Japan	Tokyo Core CPI y/y	-	2.50%	1.60%	Medium
7:15 AM	China	Caixin Services PMI	-	52.9	52.7	Medium
8:30 PM	US	ISM Services PMI	-	52.9	53.4	High
Wednesday, March 06, 2024						
3:00 PM	UK	Construction PMI	-	49	48.8	Medium
6:45 PM	US	ADP Non-Farm Employment Change	-	145K	107K	High
8:30 PM	US	Fed Chair Powell Testifies	-	-	-	High
8:30 PM	US	JOLTS Job Openings	-	8.90M	9.03M	High
9:00 PM	US	Crude Oil Inventories	-	-	4.2M	Medium
Thursday, March 07, 2024						
Tentative	China	Trade Balance	-	620B	541B	Medium
12:30 PM	Europe	German Factory Orders m/m	-	-6%	8.90%	High
6:45 PM	Europe	Main Refinancing Rate	-	4.50%	4.50%	High
7:00 PM	US	Unemployment Claims	-	212K	215K	High
8:30 PM	US	Fed Chair Powell Testifies	-	-	-	High
9:00 PM	US	Natural Gas Storage	-	-	-96B	Medium
Friday, March 08, 2024						
12:30 PM	Europe	German Industrial Production m/m	-	0.50%	-1.60%	Medium
7:00 AM	US	Average Hourly Earnings m/m	-	0.20%	0.60%	High
7:00 AM	US	Non-Farm Employment Change	-	190K	353K	High
7:00 AM	US	Unemployment Rate	-	3.70%	3.70%	High



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