

January 15, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	January	Buy	62280-62300	62700	62050	Intraday
EURINR	January	Buy	90.88-90.90	91.20	90.70	Intraday

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Saif Mukadam

saif.mukadam@icicisecurities.com

Anup Sahu

anup.sahu@icicisecurities.com

News and Developments

- Spot gold prices rallied by almost 1% on Friday amid decline in US treasury yields and as dollar paired some of its gains. Yields slipped after US producer price data for December fell unexpectedly, cementing expectations that US Fed would start cutting rates this year as early as March. Further, escalating geopolitical tension in Middle East fueled safe haven buying.
- The producer price index for final demand dipped 0.1% last month. Data for November was revised to show the PPI falling 0.1% instead of being unchanged as previously reported. The PPI has now declined for three consecutive months.
- US and UK launched air strikes across Yemen against Houthi forces for attacks on Red Sea shipping. Iran condemned that attacks, warning that it will fuel "insecurity and instability" in the region
- As per CME Fedwatch tool, expectations for Fed to cut rate in March decline to 74.5% from 76.9% a day ago while, prospects of no rate cut increased to 21.9% from 19% a day ago
- Yield on benchmark US 10-year treasury note decline to 3.941% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.148%. Yields slid across curve after softer U.S producer price inflation boosted bets that the Fed might start cutting interest rates sooner.
- Crude oil prices remained elevated on Friday as number of Oil tankers diverted course from Red Sea following air and sea strikes by US and UK on Yemeni Houthis. Additionally, according to Baker Hughes U.S. oil rig count fell by two to 499 this week
- Copper prices edged lower on Friday amid disappointing economic data from China. Growth in outstanding total social financing (TSF), a broad measure of credit and liquidity in China fell to 1.94 trillion yuan from 2.45 trillion yuan in November

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62362	0.93%	2049.06	0.99%
Silver	72480	1.58%	23.19	1.95%
Copper	712.4	-0.64%	8339.00	-0.19%
Aluminium	201.6	-0.74%	2219.50	-0.69%
Zinc	223.1	-0.13%	2514.00	0.46%
Lead	182.2	-0.22%	2091.00	-0.21%
WTI Crude Oil	6033	0.45%	72.68	0.92%
US Nat Gas	274.0	3.20%	3.31	6.97%

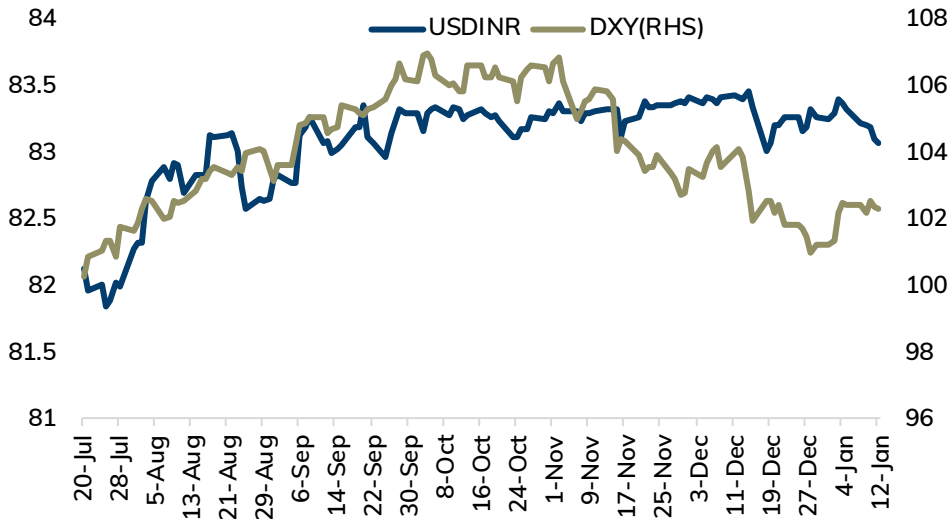
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Jan)	83.00	-0.10%	3837784	145820	3590578	1289334
EURINR (29th Jan)	90.98	-0.28%	163296	-14190	183646	41932
GBPINR (29th Jan)	105.78	-0.17%	263036	-15267	276739	45309

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	January	Buy	5980-5990	6140	5900	Not Initiated
GBPINR	January	Buy	106-106.02	106.40	105.80	Stoploss Triggered

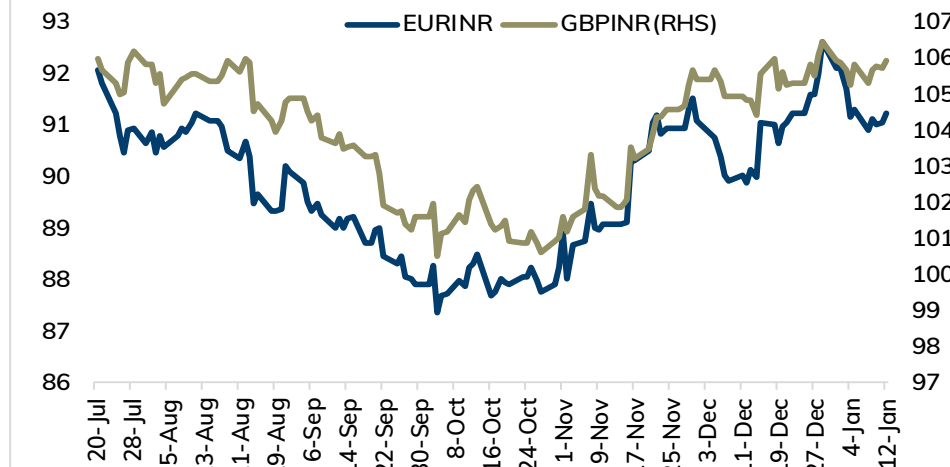
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee hit the highest level in last 4-months on Friday aided by FII inflows and strong economic data. Further persistent intervention from RBI also helped the rupee to appreciate past 83.00.
- Rupee is likely to trade with positive bias amid expectation of correction in dollar and US treasury yields. Yield is likely to move south as softness in the US PPI numbers and mixed batch of recent economic data raised the expectations that US Fed may start cutting rates this year as soon as March. Meanwhile, rise in retail inflation numbers to its highest level in four months would support the hawkish signal from RBI. Additionally, expectation of better trade balance numbers in Dec would also strengthen the rupee. USDINR Jan will face hurdle near 83.15 levels and slip back towards 82.80 levels.

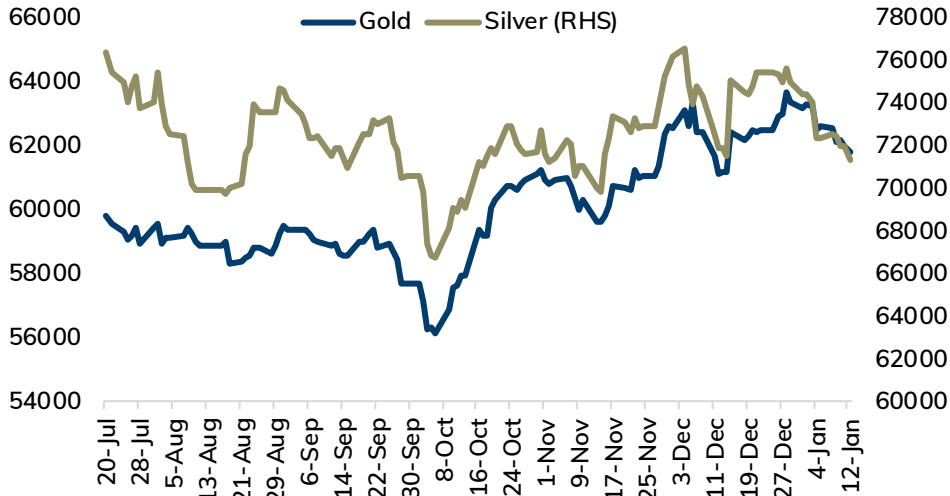
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped marginally by 0.21% on Friday amid weakness in the treasury yields and weaker economic numbers from the Eurozone. For today, EURUSD is likely to hold the support near 1.0920 level and rise towards 1.0990 levels amid expectation of correction in dollar and improved trade balance numbers from the regions. Further, investors will keep an eye on outcome from the Eurogroup meeting outcome and industrial production numbers from the region. EURINR Jan may rise towards 91.25 level as long as it trades above 90.70 levels.
- Pound edged lower despite an improved GDP numbers last month. Improved industrial production numbers and trade balance data has supported the pair to trim its earlier losses. The pair is expected to find support near 1.2700 and rise back towards 1.2780 on expectation of weakness in the dollar. GBPINR Jan is likely to move north towards 106.10 level as long as it stays above 105.50 levels.

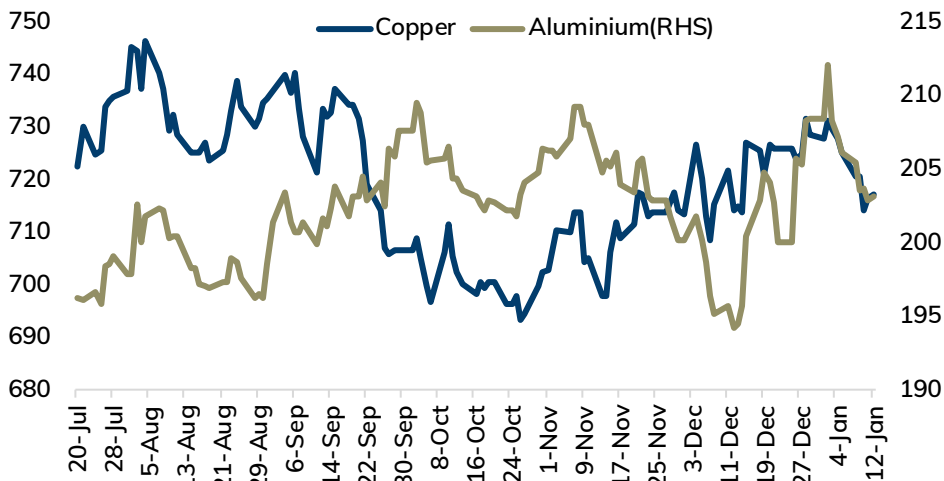
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to rise further till \$2070 level as long as it sustains above \$2035 level amid expectation of correction in dollar and decline in US treasury yields. Dollar and yields may continue to move south as recent producer price index data showed that inflation would continue to subside, giving room for Fed to start cutting rate this year as early as March. As per CME Fedwatch tool traders are pricing in 75% chance for the 25bps rate cut in March, with several more rate cuts in the year. Additionally, demand for safe haven may increase on rising tension in Middle East.
- MCX Gold prices is likely to move north towards 62,800 level as long as it trades above the support level of 62,100 levels
- MCX Silver is expected to follow gold and rise back towards 73,500 level as long as it sustains above 71,900 level.

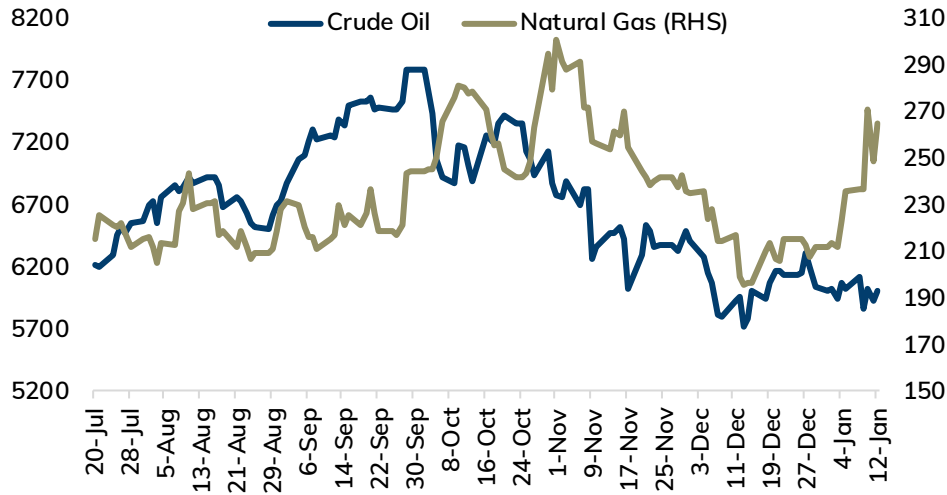
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with positive bias amid expectation of correction in Dollar and improved global market sentiments. Further, prices may move north on expectations that China's central bank will ramp up liquidity as authorities try to shore up economic growth. Moreover, China's trade balance data grew more than expected in December, aided by an outsized rise in exports. Additionally, improved imports indicated that local demand was picking up marginally after remaining weak for most of 2023
- MCX Copper is expected to rise back towards 718 level as long as it stays above 710 level. A move above 718 would open the doors towards 722 levels.
- Aluminum is expected to hold the support near 200.50 level and rise towards 202.50 levels.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to rise further towards \$74 as long as it stays above \$71 level amid weak dollar and fear over escalating tension in Middle after US and UK launched air and sea strikes against Houthi in Yemen. Additionally, softer U.S producer price inflation boosted bets that the Fed might start cutting interest rates as early as March. Meanwhile, investors will remain cautious ahead of major economic data from US and China this week to get more clues on potential path of demand.
- MCX Crude oil is likely to rise further towards 6150 levels as long as it trades above 5900 levels.
- MCX Natural gas is expected to rise further towards 280 level as long as it trades above 255 level as extreme cold weather will boost gas demand while also cutting gas supplies by freezing wells

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61561	61961	62326	62726	63091
Silver	70950	71715	72480	73245	74010
Copper	706.0	709.2	714.7	717.9	723.4
Aluminium	199.9	200.8	202.0	202.9	204.1
Zinc	221.2	222.1	223.1	224.1	225.1
Lead	181.4	181.8	182.2	182.6	183.1
Crude Oil	5863	5948	6092	6177	6321
Nat Gas	249	261	270	283	292

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	82.77	82.88	83.02	83.13	83.26
US\$INR (Feb)	82.87	82.98	83.11	83.21	83.34
EURINR (Jan)	90.69	90.83	91.08	91.22	91.47
EURINR (Feb)	90.86	90.99	91.23	91.36	91.60
GBPINR (Jan)	105.42	105.60	105.90	106.08	106.38
GBPINR (Feb)	105.55	105.72	105.99	106.15	106.42
JPYINR (Jan)	57.11	57.23	57.40	57.51	57.68
JPYINR (Feb)	57.46	57.58	57.75	57.87	58.04

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.40	102.29	0.11%
US\$INR	82.92	83.03	-0.13%
EURUSD	1.0951	1.0972	-0.19%
EURINR	90.91	91.03	-0.13%
GBPUSD	1.2753	1.2760	-0.05%
GBPINR	105.74	105.78	-0.03%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.179	7.162	0.017
US	3.939	3.966	-0.0268
Germany	2.184	2.236	-0.052
UK	3.793	3.842	-0.049
Japan	0.607	0.603	0.004

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	155825	-1500	-0.95%
Aluminium	558575	-2000	-0.36%
Zinc	210875	-2800	-1.31%
Lead	119650	-1500	-1.24%
Nickel	69108	498	0.73%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, January 15, 2024						
3:30 PM	Europe	Industrial Production m/m		-0.30%	-0.70%	Medium
Tuesday, January 15, 2024						
12:30 PM	UK	Claimant Count Change		18.1k	16.0k	High
12:30 PM	UK	Average Earnings Index 3m/y		6.9%	7.2%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment		12	13	Medium
7:00 PM	US	Empire State Manufacturing Index		-4.9	-14.5	High
Wednesday, January 16, 2024						
7:30 AM	China	GDP q/y		5.2%	4.9%	High
7:30 AM	China	Industrial Production y/y		6.8%	6.6%	High
12:30 PM	UK	CPI y/y		3.80%	3.90%	High
3:30 PM	Europe	Final CPI y/y		2.9%	2.9%	High
7:00 AM	US	Retail Sales m/m		0.4%	0.3%	High
7:45 AM	US	Industrial Production m/m		-0.1%	0.2%	Medium
Thursday, January 17, 2024						
7:00 PM	US	Building Permits		1.47M	1.47M	Medium
7:00 PM	US	Unemployment Claims		204k	202k	Medium
7:00 PM	US	Philly Fed Manufacturing Index		-6.9	-10.5	Medium
9:30 PM	US	Crude Oil Inventories			1.3M	Medium
Friday, January 18, 2024						
12:30 AM	UK	Retail Sales m/m		-0.5%	1.3%	High
8:30 PM	US	Prelim UoM Consumer Sentiment		69.30	69.70	High
8:30 PM	US	Existing Home Sales		3.83M	3.82M	Medium
8:30 PM	US	Prelim UoM Inflation Expectations		-	3.1%	Medium



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

I/We, , Raj Deepak Singh BE, MBA (Finance), Saif Mukadam BSc, MMS (Finance), Anup Sahu BSc, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.