

May 21, 2024

Daily Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	June	Sell	6600-6610	6450	6700	Intraday

Research Analysts

Jay Thakkar
jay.thakkar@icicisecurities.com

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 to all time high of \$2450 an ounce yesterday on rising anticipation that US Federal Reserve will start easing monetary policy this year. Further prices moved up as China unveiled economic stimulus measures to revive crisis hit property sector. Additionally, demand for safe haven increased due to mounting tension in Middle East
- Silver also had another strong day, hitting over 11-year high of \$32.50
- Dollar index ended on the positive note yesterday amid hawkish statements from Fed officials and rise in US treasury yields. Officials signaled that they are still not confident that inflation will come down substantially and does not see 3 rate cuts in 2024.
- As per CME Fedwatch tool, expectations for Fed to cut rate in September rose to 49.3% from 49% a day ago while, prospects of no rate cut increased to 40.1% from 35.2% a day ago
- U.S. Treasury yields ticked higher as investors likely sold government bonds to buy new corporate debt. Yield on benchmark US 10-year treasury note rose to 4.449% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.852%.
- Crude oil prices slipped yesterday amid strong dollar after US Federal Reserve officials said they were awaiting more signs that inflation was declining before cutting interest rates.
- Copper prices ended on the positive on anticipation of deepening supply shortages. Additionally, Copper surged to record highs as a recent rally triggered by short covering created momentum for speculators to bet on higher prices

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	74367	0.89%	2425.31	0.42%
Silver	95267	4.66%	31.82	1.05%
Copper	936.5	2.15%	10889.00	2.07%
Aluminium	242.5	1.13%	2630.00	0.69%
Zinc	275.1	3.13%	3114.00	2.74%
Lead	195.3	0.62%	2340.50	2.50%
WTI Crude Oil	6579	-1.25%	79.80	-0.32%
US Nat Gas	227.1	4.75%	2.75	4.76%

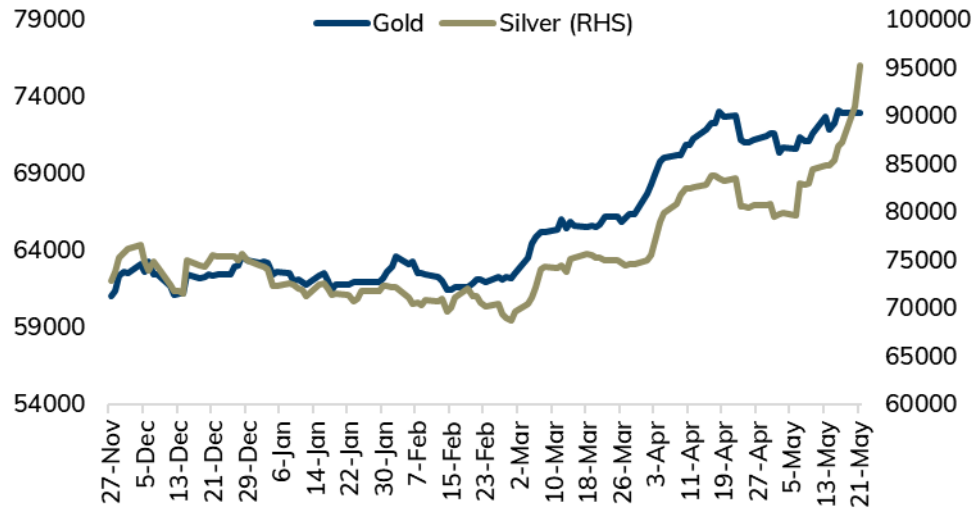
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	83.39	-0.17%	3032379	-77678	375276	-77240
EURINR (29th May)	90.42	-0.41%	22977	-758	1926	-3063
GBPINR (29th May)	105.49	-0.27%	15704	-2048	3402	-2879

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	June	Buy	72650-72660	73200	72400	Not initiated

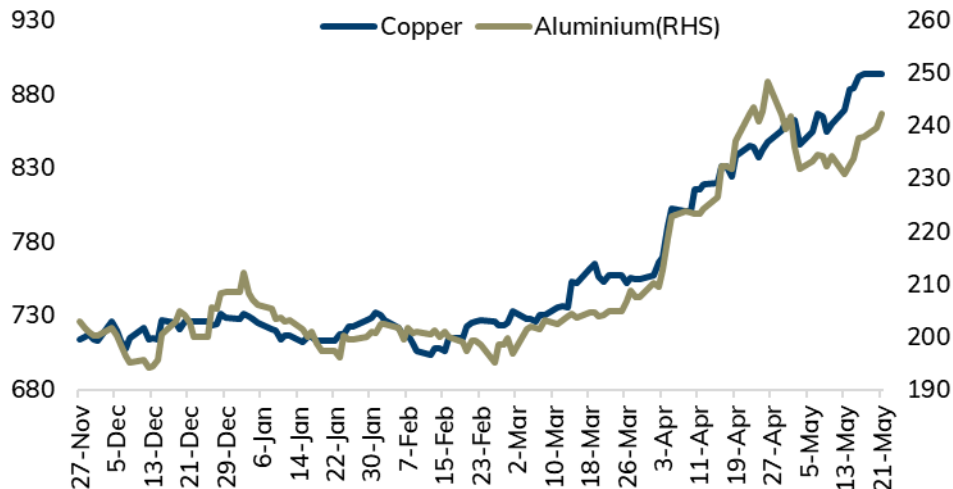
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face stiff resistance near \$2450 level and slip back towards psychological level of \$2400 amid firm dollar and rise in US treasury yields. Dollar and yields are moving north as Fed speakers overnight warned that they are still not confident that inflation will come down substantially and may have to keep borrowing cost higher. Meanwhile, demand for safe haven may increase on news that Iran's President Ebrahim Raisi was killed in helicopter crash, at a time of turmoil in Middle East. Spot gold is likely to slip towards \$2400 level as long as it stays below \$2450 level. A sustain break below \$2400 prices may move towards \$2380 level (10-Day EMA)
- MCX Gold June prices is likely to slip back towards 73,800 level as long as it stays below 74,500 level. A break below 73,800 prices may move further south towards 73,300 level
- MCX Silver July is expected to rise further towards 96,000 level as long as it stays above 94,000 level.

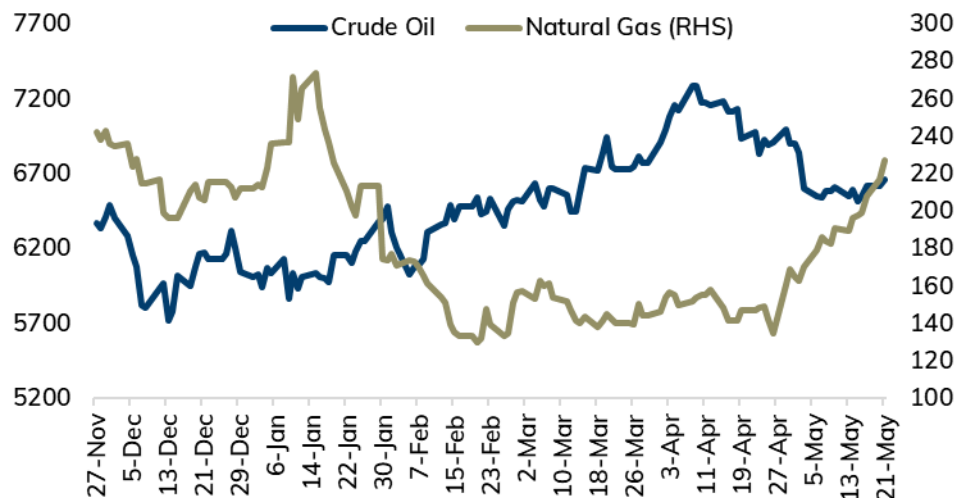
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with the positive bias as China's supportive measures to revive property sector and better than expected economic data from China will continue to add momentum buying. Additionally, prices may rally on rise in risk appetite in the global market and expectations of tighter supplies. Meanwhile, investors will remain vigilant ahead of statements from Fed officials to get more clarity on interest rate trajectory
- MCX Copper is expected to move north towards 945 level as long as it stays above 925 level. On contrary, only break below 925 prices may slip further towards 915 level
- Aluminum is expected to rise towards 245 level as long as it remains above 241 level

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip towards \$78 levels on strong dollar and on concerns that US Fed would keep its borrowing cost higher for longer hurting economic growth and demand for oil. Meanwhile, investors will keep an eye on political uncertainty in 2 major oil producing countries after Iran's president died in helicopter crash and Saudi Arabia's crown prince deferred a trip to Japan because of the health of King. Moreover, OPEC+ are scheduled to meet on June 1st to discuss whether to extend voluntary output cuts.
- MCX Crude oil June is likely to slip towards 6450 levels as long as it trades below 6700 levels.
- MCX Natural gas is expected to rise further towards 235 levels as long as it stays above 220 levels as outlook for hot temperatures in the southern US will boost natural gas demand from electricity providers.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	73304	73835	74139	74670	74974
Silver	90250	92759	94119	96628	97988
Copper	914.2	925.3	931.4	942.6	948.7
Aluminium	237.0	239.7	241.3	244.0	245.6
Zinc	264.2	269.6	272.5	278.0	280.9
Lead	193.4	194.3	195.2	196.1	197.0
Crude Oil	6497	6538	6610	6651	6723
Nat Gas	215	221	225	231	235

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	83.24	83.31	83.42	83.49	83.60
US\$INR (Jun)	83.35	83.41	83.52	83.58	83.69
EURINR (May)	90.07	90.24	90.52	90.69	90.97
EURINR (Jun)	90.29	90.39	90.59	90.69	90.89
GBPINR (May)	105.18	105.34	105.56	105.71	105.93
GBPINR (Jun)	105.40	105.50	105.62	105.72	105.84
JPYINR (May)	53.38	53.50	53.66	53.78	53.94
JPYINR (Jun)	53.80	53.93	54.14	54.26	54.47

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.45	104.46	-0.02%
US\$INR	83.33	83.50	-0.19%
EURUSD	1.0869	1.0867	0.02%
EURINR	90.38	90.77	-0.43%
GBPUSD	1.2701	1.2670	0.24%
GBPINR	105.47	105.78	-0.30%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.092	7.076	0.00
US	4.420	4.375	0.01
Germany	2.515	2.460	0.02
UK	4.127	4.079	0.01
Japan	0.949	0.927	0.02

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
5/15/2024	8:00 PM	-2.5M	-0.4M
5/8/2024	8:00 PM	-1.4M	-1.0M
5/1/2024	8:00 PM	7.3M	-2.3M
4/25/2024	8:00 PM	-6.4M	1.6M
4/17/2024	8:00 PM	2.7M	1.6M
4/10/2024	8:00 PM	5.8M	0.9M
4/3/2024	8:00 PM	3.2M	-0.3M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	105900	2250	2.17%
Aluminium	1092800	-475	-0.04%
Zinc	258850	-525	-0.20%
Lead	209425	-3475	-1.63%
Nickel	81834	30	0.04%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 20, 2024						
6:45 AM	China	1-y Loan Prime Rate	3.45%	4.80%	4.85%	High
6:45 AM	China	5-y Loan Prime Rate	3.95%	3.95%	3.95%	Medium
Tuesday, May 21, 2024						
1:30 PM	US	Treasury Sec Yellen Speaks	-	-	-	High
2:30 PM	Europe	Trade Balance	-	19.9B	17.9B	Medium
10:30 PM	UK	BOE Gov Bailey Speaks	-	-	-	Medium
Wednesday, May 22, 2024						
11:30 AM	UK	CPI y/y	-	2.10%	3.20%	High
7:30 PM	US	Existing Home Sales	-	4.21M	4.19M	Medium
8:00 PM	US	Crude Oil Inventories	-	-	(-2.5)M	Medium
11:30 PM	US	FOMC Meeting Minutes	-	-	-	High
Thursday, May 23, 2024						
1:00 PM	Europe	German Flash Manufacturing PMI	-	43.40	43.40	High
1:00 PM	Europe	German Flash Services PMI	-	51.8	51.3	High
1:30 PM	Europe	Flash Manufacturing PMI	-	46.2	45.7	Medium
2:00 PM	UK	Flash Manufacturing PMI	-	-	-	Medium
2:00 PM	UK	Flash Services PMI	-	-	-	Medium
6:00 PM	US	Unemployment Claims	-	221k	222k	High
7:15 PM	US	Flash Manufacturing PMI	-	50	50	Medium
7:15 PM	US	Flash Services PMI	-	51.2	51.3	Medium
7:30 PM	US	New Home Sales	-	677k	693k	Medium
8:00 PM	US	Natural Gas Storage	-	-	70B	Medium
Friday, May 24, 2024						
11:30 AM	UK	Retail Sales m/m	-	-0.50%	0.00%	High
6:00 PM	US	Durable Goods Orders m/m	-	-	0.90%	High
7:30 PM	US	Revised UoM Consumer Sentiment	-	-	67.40%	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

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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

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