

February 14, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	March	Sell	61370-61400	61000	61600	Intraday
EURINR	February	Sell	89.20-89.22	88.80	89.40	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 slide below the \$2000 mark on Tuesday amid strong dollar and higher treasury yields after US consumer price inflation data for January confirms that the Federal Reserve will not cut the rates early.
- The US dollar index hit the highest level in 3-months and treasury yields climbed on Tuesday after US inflation data slowed less than expected in January.
- US January CPI eased to 3.1% YoY from 3.4% YoY in December, stronger than expectation of 2.9% YoY. Meanwhile, the core CPI numbers remained unchanged at 3.9% YoY and it was stronger than expectation of 3.7% YoY.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March plunged to 8.5% from 16% and prospects of rate cut in May dipped to 34% from 52.2% a day ago
- US 10-year treasury yields rose to 4.29% and 2-year treasury yield, which typically moves in step with interest rate surged to 4.63%.
- Crude oil prices extended its gains on Tuesday as tension in the Middle East raised future supply concerns. Further, OPEC's forecast of strong growth in global oil demand in 2024 also supported its rise. But the gains were subdued by strong dollar after the sticky inflation numbers reduced the prospects of interest rate cut in March.
- Copper prices pared most of its gains and edged lower amid firm dollar. But expectation of tight physical market amid mine closure and demand recovery post annual holiday in China has supported the metals to recover its losses.
- NYMEX natural gas lost more than 5% on Tuesday amid mild winter weather and higher production.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61504	-0.92%	1993.15	-1.33%
Silver	69639	-1.93%	22.12	-2.55%
Copper	707.7	-0.08%	8260.00	0.30%
Aluminium	200.1	-0.52%	2225.50	-0.07%
Zinc	206.7	-0.91%	2314.50	-0.24%
Lead	176.7	-0.39%	1998.00	-1.28%
WTI Crude Oil	6490	1.87%	77.87	1.24%
US Nat Gas	145.9	-6.05%	1.69	-4.47%

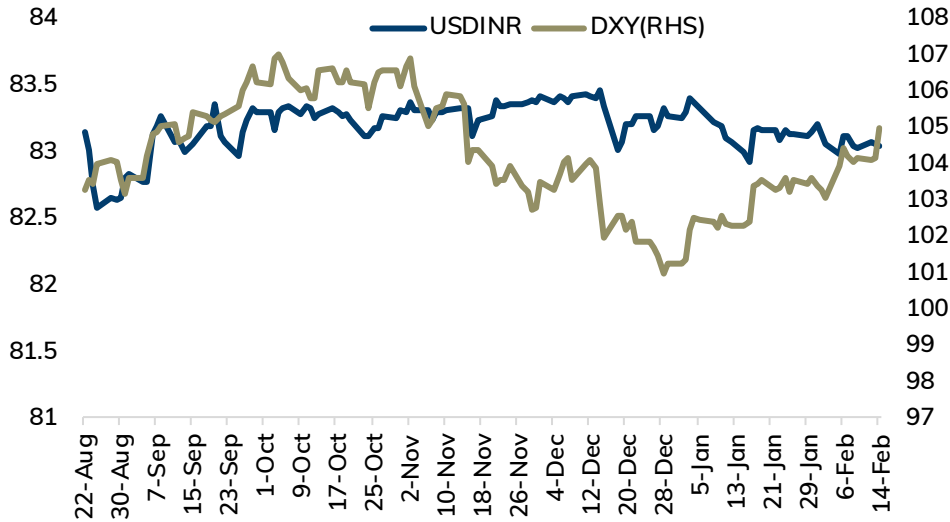
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.04	-0.01%	2464332	60075	838453	-170832
EURINR (27th Feb)	89.57	0.04%	145833	507	116455	-18582
GBPINR (27th Feb)	105.21	0.39%	204847	40909	278241	93289

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Natural Gas	February	Sell	155-156	148	160	Not Initiated
USDINR	February	Sell	83.05-83.06	82.90	83.15	Exit at cost

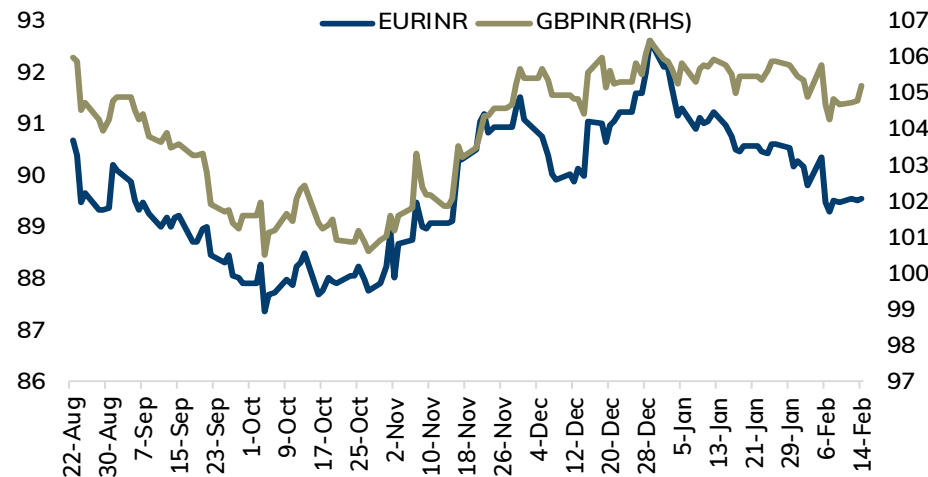
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee hovered in a narrow range yesterday ahead of inflation data from US, which may provide cues on when Fed may begin cutting interest rates
- Rupee is likely to depreciate today amid strong dollar and surge in US treasury yields. Dollar and Yields are moving north as hotter than expected inflation figures clouds rate cut outlook and disappointed investors who hoped Fed will start cutting rates sooner rather than later. Moreover, futures now point to about 87 basis points of easing priced in for this year, as compared to 110 bps prior to the data release. Additionally, rupee may slip on risk aversion in the global markets and surge in crude oil prices. USDINR Feb likely to rise towards 83.15 levels as long as it sustains above 82.90 levels

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped by 0.60% yesterday due to strong dollar and risk aversion in the global markets. Meanwhile, further downside was cushioned as German ZEW survey expectations of economic growth rose more than expected to a 1 year high. For today, EURUSD is likely to slip further towards 1.0650 level as long as it stays below 1.0750 level amid firm dollar and pessimistic global market sentiments after US inflation came higher than expected. Additionally, expectation of disappointing economic data from euro zone will hurt single currency. EURINR Feb may slip towards 88.70 level as long as it trades below 89.40 levels.
- Pound is expected to rise towards 1.2640 level as improved job data prompted investors to scale back bets on spring rate cuts from BOE. Additionally, investors will remain cautious ahead of inflation data to get more cues on rate outlook. GBPINR Feb is likely to move north towards 105.30 level as long as it stays above 104.50 levels

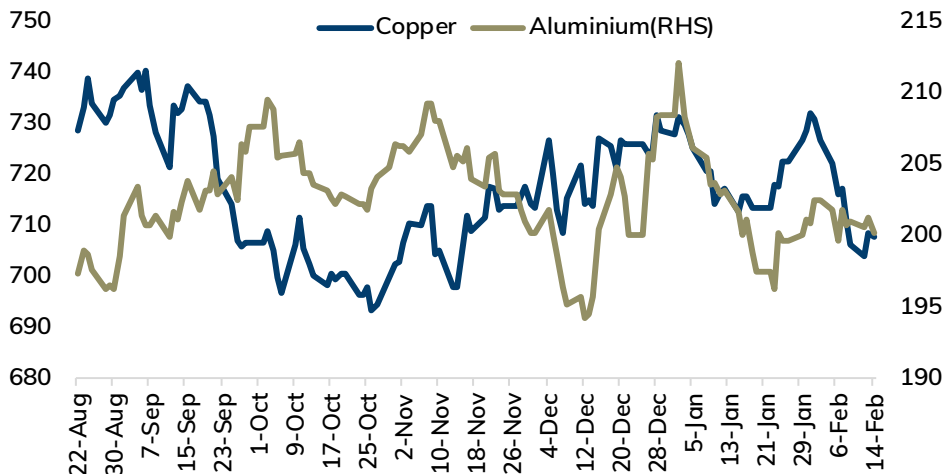
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to weaken further towards \$1975 amid strong dollar and higher treasury yields. Sticky inflation numbers in the US might force the Fed members to remain hawkish and force them to keep the rates higher in the fight against inflation. Further, diminishing probability of rate cut in March and May would also weigh on the bullions. Meanwhile, safe haven buying in the yellow metal amid geopolitical unrest in Mideast would restrict more downside in price
- MCX Gold April price is likely to weaken towards 61,000 as long as it trades under 62,000. Only a move below 61,000 would weaken the price further towards 60,600.
- MCX Silver is expected to remain under pressure and slide further towards 68,400 as long as it holds below 70,600.

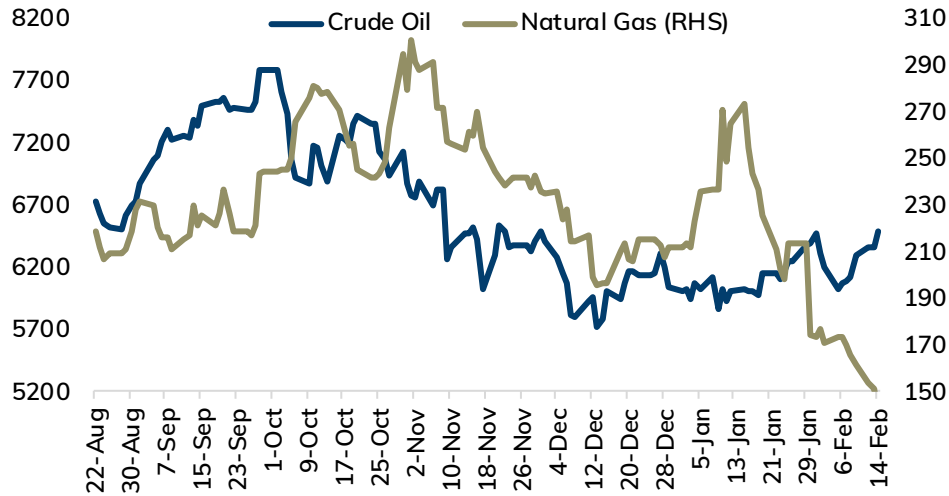
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade weaker amid strong dollar and sluggish growth outlook in China's industrial activity. Further, growing prospects of higher interest rate in major economies would hurt the demand prospects and limit any major upside in the red metal. Meanwhile, persistent decline in inventory level in LME could limit more downside in prices. Again, any new measure from China to support the economy would also help the metal to recover its earlier losses.
- MCX Copper is expected to move in the band of 702 and 712. Only a sustained move above 712 would push the price towards 716. On the flip side a move below 702 would weaken the price towards 695.
- Aluminum is expected to consolidate in the band of 199 to 202.50. Below 199 it would test next support at 198.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to face the hurdle near \$79 and trim its earlier gains on expectation of strong dollar and rise in crude oil inventories. Diminishing prospects of interest rate cuts by the Federal Reserve would weigh on the prices. Meanwhile, forecast of rise in crude oil stocks would check its upside, but decline in oil product stocks could limit its downside. Further, persistence supply concerns due to unrest in the Mideast would favor the prices to stay above \$75 mark.
- MCX Crude oil is likely to face the hurdle near 6550. Only a move above 6550 it would open the doors towards 6660. Alternatively, if it fails to breach 6550, then price would slip towards immediate support at 6350.
- MCX Natural gas is expected to remain under pressure and slip further towards 133 level as long as it trades below 148 level.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60769	61136	61768	62135	62767
Silver	68172	68905	70238	70971	72304
Copper	703.2	705.4	709.5	711.8	715.9
Aluminium	198.6	199.3	200.8	201.5	203.0
Zinc	203.7	205.2	207.7	209.2	211.8
Lead	175.8	176.2	176.8	177.3	177.9
Crude Oil	6328	6409	6463	6544	6598
Nat Gas	138	142	149	152	159

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.00	83.02	83.05	83.07	83.10
US\$INR (Mar)	83.09	83.10	83.13	83.15	83.17
EURINR (Feb)	89.35	89.46	89.53	89.64	89.71
EURINR (Mar)	89.54	89.64	89.70	89.80	89.86
GBPINR (Feb)	104.53	104.87	105.06	105.40	105.59
GBPINR (Mar)	104.65	104.97	105.15	105.47	105.65
JPYINR (Feb)	55.62	55.67	55.71	55.77	55.81
JPYINR (Mar)	55.95	56.01	56.06	56.12	56.17

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.96	104.17	0.76%
US\$INR	83.01	83.00	0.01%
EURUSD	1.0709	1.0772	-0.58%
EURINR	89.39	89.38	0.01%
GBPUSD	1.2592	1.2629	-0.29%
GBPINR	105.05	104.76	0.28%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.099	7.094	0.005
US	4.314	4.179	0.135
Germany	2.393	2.362	0.031
UK	4.151	4.057	0.094
Japan	0.728	0.726	0.002

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
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
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	135450	-850	-0.62%
Aluminium	525225	-25	0.00%
Zinc	246400	8125	3.41%
Lead	162475	6550	4.20%
Nickel	71946	0	0.00%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 12, 2024						
5:30 PM	India	CPI y/y	5.10%	5.00%	5.69%	High
11:30 PM	UK	BOE Gov Bailey Speaks	-	-	-	High
Tuesday, February 13, 2024						
12:30 PM	UK	Claimant Count Change	14.1K	15.2K	11.7K	High
12:30 PM	UK	Average Earnings Index 3m/y	5.80%	5.60%	6.50%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	19.9	17.4	15.2	Medium
7:00 PM	US	CPI y/y	3.10%	2.90%	3.40%	High
Wednesday, February 14, 2024						
12:30 PM	UK	CPI y/y	-	4.10%	4.00%	High
3:30 PM	Europe	Flash GDP q/q	-	0.00%	0.00%	Medium
3:30 PM	Europe	Industrial Production m/m	-	-0.20%	-0.30%	Medium
9:00 PM	US	Crude Oil Inventories	-	-	5.5M	Medium
Thursday, February 15, 2024						
12:30 PM	UK	Prelim GDP q/q	-	-0.20%	0.30%	High
5:30 PM	India	Trade Balance	-	-	(19.8B)	High
7:00 PM	US	Empire State Manufacturing Index	-	-11.9	-43.7	High
7:00 PM	US	Retail Sales m/m	-	-0.20%	0.60%	High
7:00 PM	US	Unemployment Claims	-	217K	218K	High
7:00 PM	US	Philly Fed Manufacturing Index	-	-8.9	-10.6	Medium
7:45 PM	US	Industrial Production m/m	-	0.30%	0.10%	Medium
9:00 PM	US	Natural Gas Storage	-	-	-75B	Medium
Friday, February 16, 2024						
12:30 PM	UK	Retail Sales m/m	-	1.50%	-3.20%	High
7:00 PM	US	PPI m/m	-	0.10%	-0.10%	High
7:00 PM	US	Building Permits	-	1.52M	1.49M	Medium
8:30 PM	US	Prelim UoM Consumer Sentiment	-	79.9	79	High
8:30 PM	US	Prelim UoM Inflation Expectations	-	-	2.90%	High

Source: Bloomberg, Reuters, ICICI Direct Research



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, Jay Thakkar MBA (Finance), 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.