

February 8, 2024

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# Daily Currency & Commodities Outlook

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## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	February	Sell	714-714.5	708	718	Intraday
GBP/INR	February	Buy	104.78-104.80	105.20	104.60	Intraday

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## News and Developments

- Spot gold prices pared its earlier gains due to hawkish comments from the Fed members. Prices gathered some safe haven demand on concerns about the health of US regional bank stocks after Moody's investors service cut the credit rating of NYC Bancorp to junk.
- The US dollar index steadied near 104.10 as wider-than expected US trade deficit numbers and smaller than expected increase in consumer credit checked any major upside in the dollar.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March rose to 21% from 20% a day ago while, prospects of no rate cut dipped to 79% from 80% a day ago
- US 10-year treasury yields inched to 4.12% and 2-year treasury yield, which typically moves in step with interest rate expectations took a pause and ended at 4.43% on less dovish Fed comments.
- Crude oil prices edged higher yesterday amid escalating tension in the red sea. Fresh attacks on the vessels by the Houthi militants raised the supply concerns. However mixed inventory data tampered its gains. US gasoline and distillate stocks has supported the oil prices to rise towards the \$74 mark , where as higher than expected rise in crude oil inventory has checked its upside.
- Copper prices fell to its lowest level in 3 weeks on Wednesday amid sluggish growth outlook in the top metal consumer China. Further lack of fresh demand ahead of China's New year holiday also weakened the metal prices.
- LME Zinc prices stalled to a 9-week low amid slow demand and sharp rise in LME inventory.
- NYMEX natural gas prices fell below \$2.0/MMBtu level amid higher production. Meanwhile, forecast of above normal temperature in US also weighed on the gas prices.

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62524	-0.08%	2035.36	-0.04%
Silver	70311	-0.40%	22.22	-0.92%
Copper	711.2	-0.84%	8312.00	-1.07%
Aluminium	200.7	-0.52%	2222.00	-0.38%
Zinc	215.3	-1.06%	2400.50	-1.32%
Lead	179.4	-0.64%	2099.50	-0.69%
WTI Crude Oil	6131	0.77%	73.86	0.75%
US Nat Gas	167.3	-2.34%	1.97	-2.09%

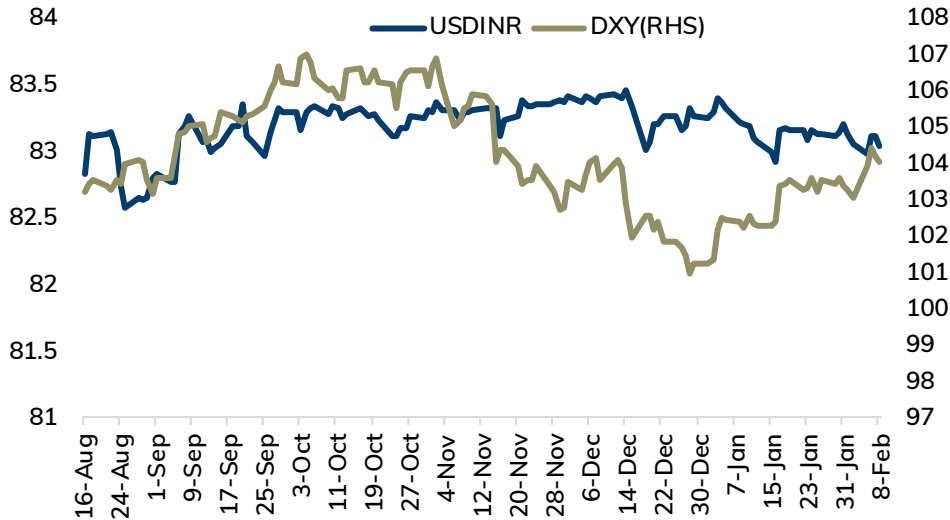
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.04	-0.09%	2391627	65239	1552086	719850
EURINR (27th Feb)	89.51	0.24%	173400	6676	129590	-28669
GBPINR (27th Feb)	104.85	0.53%	168739	-36146	268002	-24175

## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Crude Oil	February	Buy	6030-6040	6180	5950	Not Initiated
EURINR	February	Buy	89.48-89.50	89.90	89.30	Exit in Profit

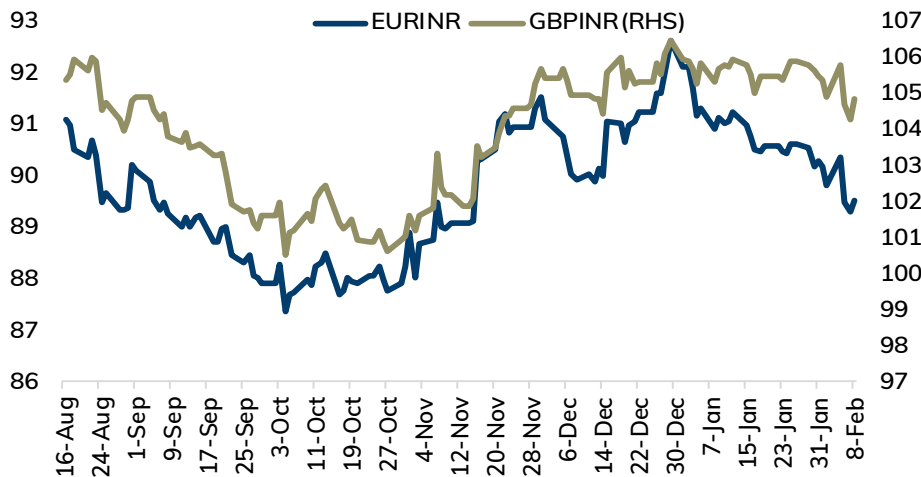
## Dollar Index vs. US\$INR



## Rupee Outlook

- Rupee gained strength yesterday on the back of soft dollar and US treasury yields. Further, dollar sales from two large foreign banks aided the rupee.
- Rupee is likely to appreciate today amid expectation of further correction in dollar and US treasury yields. Dollar is moving south as investors await fresh economic data and statements from Fed officials to get signals on when Fed is likely to begin cutting interest rates. Meanwhile, market will remain cautious ahead of RBI monetary policy, where central bank is likely to hold rates steady for 6th consecutive time. More focus will be on statements from central bank to get hints on future monetary stance. USDINR Feb likely to face hurdle near 83.15 levels and slip back towards 82.85 levels

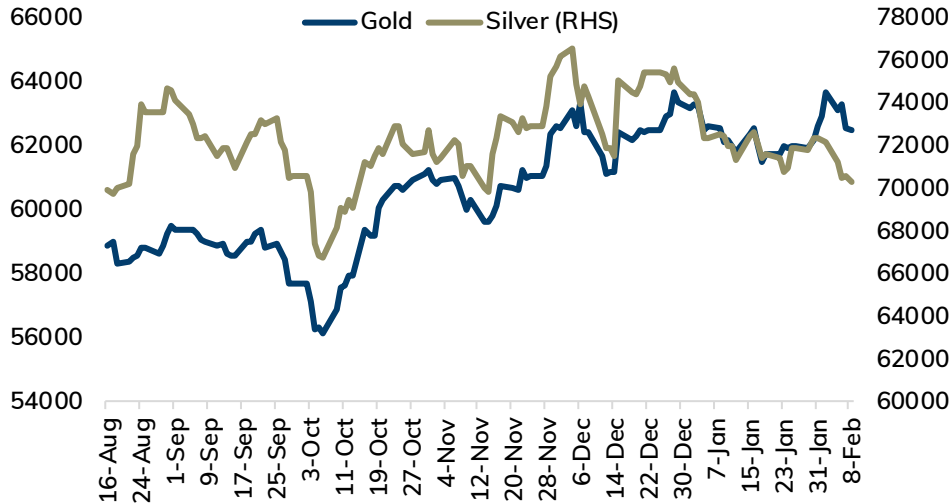
## EURINR vs. GBPINR



## Euro and Pound Outlook

- Euro rose by 0.17% yesterday amid weak dollar and hawkish statement from ECB official. ECB Executive Board member Schnabel warned against the ECB cutting interest rates too soon. Meanwhile, sharp upside was capped as German Industrial production fell more than expected in December. For today, EURUSD is likely to hold the support near 1.0750 level and rise back towards 1.0820 level amid soft dollar and rise in risk appetite in the global markets. Further, euro may move north on hawkish comments from ECB officials. EURINR Feb may rise further towards 89.80 level as long as it trades above 89.30 levels.
- Pound is expected to rise further towards 1.2680 level amid weak dollar and as rising house prices in Britain supported bets that the BOE was not likely to cut interest rates any time soon. Moreover, statements from the BOE's Breeden also signaled that she is not in hurry to ease policy. GBPINR Feb is likely to move north towards 105.30 level as long as it stays above 104.50 levels

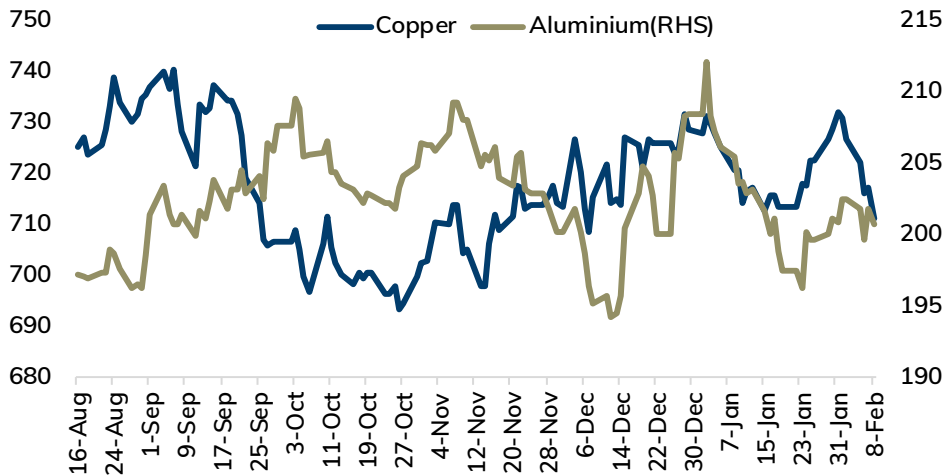
## MCX Gold vs. Silver



## Bullion Outlook

- Spot gold is likely to move higher towards the initial hurdle at \$2045 amid increasing safe haven appeal and softness in the US dollar. Expectation of rise in weekly jobless claims numbers could support the precious metal to trim its earlier losses. However, hawkish comments from the Fed members and diminishing probability of rate cut in March would limit any major upside in the yellow metal. Additionally, liquidation of gold holdings by ETFs would check its upside.
- MCX Gold April price is likely to consolidate in the band of 62,300 and 62,800. Only a move above 62,800 would bring fresh buying in the metal and push the price towards 63,000 levels
- MCX Silver is expected to find the floor near 70,000 and rebound towards 71,200. Below 70,000, it would slide towards 69,400.

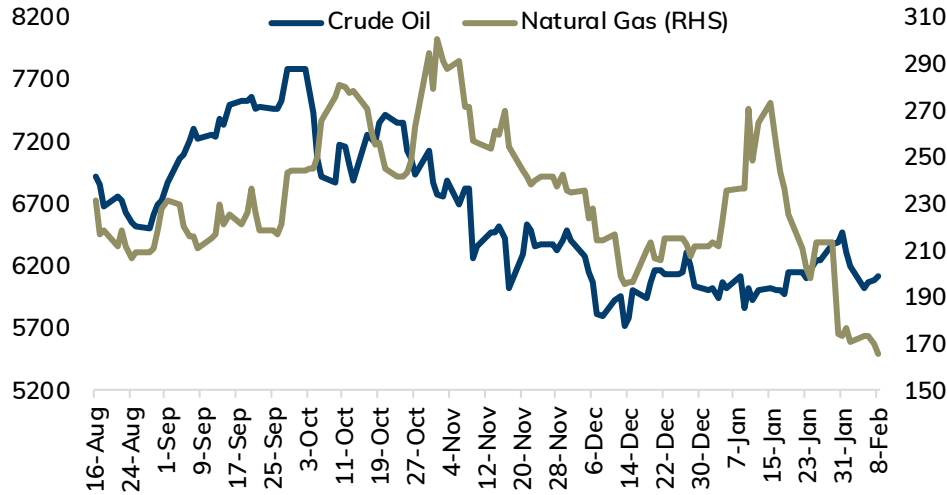
## MCX Copper vs. Aluminium



## Base Metal Outlook

- Copper prices are expected to remain under pressure amid demand uncertainty. Sluggish growth outlook in the top consumer China and lower demand ahead of the Lunar New year holiday would weaken the metal prices further. Meanwhile, persistent decline in inventory level in LME could limit its downside.
- MCX Copper is expected to face the hurdle near 715 and weaken towards 708. A move below 708 would open the doors towards 702.
- 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 rise towards \$75 amid fading hopes of Gaza ceasefire talks after Israel Prime Minister rejected the latest proposed agreement. Further, fresh attacks on the ships by Houthi militants and better demand of crude oil products in US would help oil prices to trade higher. Moreover, expectation of decline in US crude oil production from the record production in 2024 would also support its gains.
- MCX Crude oil is likely to move towards 6200, as long as it holds above the 6040 levels. Only close above 6200 would push the price further towards 6300 levels.
- MCX Natural gas is expected to slip further towards 160 level as long as it trades below 172 level. Forecast of warm US winter temperature will check its upside.

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	62223	62373	62552	62702	62881
Silver	69844	70077	70314	70547	70784
Copper	705.9	708.6	713.0	715.7	720.1
Aluminium	199.2	200.0	200.9	201.6	202.5
Zinc	213.3	214.3	215.9	216.9	218.5
Lead	177.9	178.6	179.8	180.5	181.7
Crude Oil	6053	6092	6126	6165	6199
Nat Gas	164	165	169	170	174

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.93	82.99	83.05	83.10	83.16
US\$INR (Mar)	83.03	83.07	83.13	83.18	83.23
EURINR (Feb)	89.39	89.45	89.49	89.55	89.60
EURINR (Mar)	89.44	89.56	89.73	89.85	90.02
GBPINR (Feb)	104.48	104.67	104.79	104.98	105.11
GBPINR (Mar)	104.23	104.59	104.80	105.16	105.37
JPYINR (Feb)	56.11	56.20	56.31	56.40	56.51
JPYINR (Mar)	56.52	56.58	56.68	56.74	56.83

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.21	104.45	-0.23%
US\$INR	83.06	83.06	-0.01%
EURUSD	1.0755	1.0743	0.11%
EURINR	89.12	89.33	-0.24%
GBPUSD	1.2598	1.2536	0.49%
GBPINR	104.17	104.66	-0.47%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.091	7.095	-0.004
US	4.100	4.158	-0.0579
Germany	2.292	2.316	-0.024
UK	3.950	4.007	-0.057
Japan	0.723	0.725	-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	137850	-950	-0.68%
Aluminium	528050	1300	0.25%
Zinc	206450	9675	4.92%
Lead	139675	4750	3.52%
Nickel	71724	-78	-0.11%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 05, 2024						
7:15 AM	China	Caixin Services PMI	52.7	53	52.9	Medium
3:00 PM	Europe	Sentix Investor Confidence	-12.9	-15	-15.8	Medium
8:30 PM	US	ISM Services PMI	53.4	52	52.9	High
Tuesday, February 06, 2024						
3:00 PM	UK	Construction PMI	48.8	47.2	46.8	Medium
3:30 PM	Europe	Retail Sales m/m	-1.10%	-0.90%	-0.30%	Medium
10:30 PM	US	FOMC Member Mester Speaks	-	-	-	Medium
Wednesday, February 07, 2024						
12:30 PM	Europe	German Industrial Production m/m	-1.60%	-0.40%	-0.70%	Medium
7:00 PM	US	Trade Balance	(62.2B)	(-62.3)B	(-63.2)B	Medium
9:00 PM	US	Crude oil Inventories	5.5M	1.7M	1.2M	Medium
Thursday, February 08, 2024						
7:00 AM	China	CPI y/y	-0.80%	-0.50%	-0.30%	Medium
7:00 AM	China	PPI y/y	-2.50%	-2.60%	-2.70%	Medium
10:00 AM	India	RBI Interest Rate Decision		6.5%	6.5%	High
7:00 PM	US	Unemployment Claims		219K	224K	Medium
Friday, February 09, 2024						
12:30 PM	Europe	German Final CPI m/m		0.20%	0.20%	Medium



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