

February 13, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	February	Sell	155-156	148	160	Intraday
USDINR	February	Sell	83.05-83.06	82.90	83.15	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 traded lower on Monday ahead of the key US inflation data and hawkish comments from the Fed members. Meanwhile lower bond yields on Monday limited losses in the precious metals.
- The US dollar index edged higher after the Fed member Bowman said it is too early for the Fed to cut rates and the chance of interest rate cut in immediate futures is not appropriate.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March remained steady at 16% and prospects of rate cut in May stood at 52.2% from 52.2% a day ago
- US 10-year treasury yields remained steady near 4.18% and 2-year treasury yield, which typically moves in step with interest rate edged lower to 4.47% from its two month high.
- Crude oil prices changed little as rising concerns about global demand overweighs the worries caused by the geopolitical tension in the Middle East. Attacks on the ships in the Red Sea on Monday by Houthis supported the prices to recover most of its earlier losses and pushed the NYMEX crude oil to settle near \$77 mark.
- Copper prices rebounded from its 3- month lows as traders cut their short positions ahead of key US CPI data. Further, New year holiday in China also pushed the traders to trim their positions.
- NYMEX natural gas prices hit its lowest level in almost 3-years as a mostly mild winter approaches its end. Mild temperature for most part of the winter have cut its demand. Further, higher inventory levels also weighed on the gas prices.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62078	-0.35%	2020.05	-0.21%
Silver	71009	0.33%	22.70	0.38%
Copper	708.2	0.63%	8235.00	0.81%
Aluminium	201.2	0.32%	2227.00	0.50%
Zinc	208.6	0.48%	2320.00	0.85%
Lead	177.4	1.20%	2024.00	-0.39%
WTI Crude Oil	6371	0.16%	76.92	0.10%
US Nat Gas	155.3	-2.33%	1.77	-4.28%

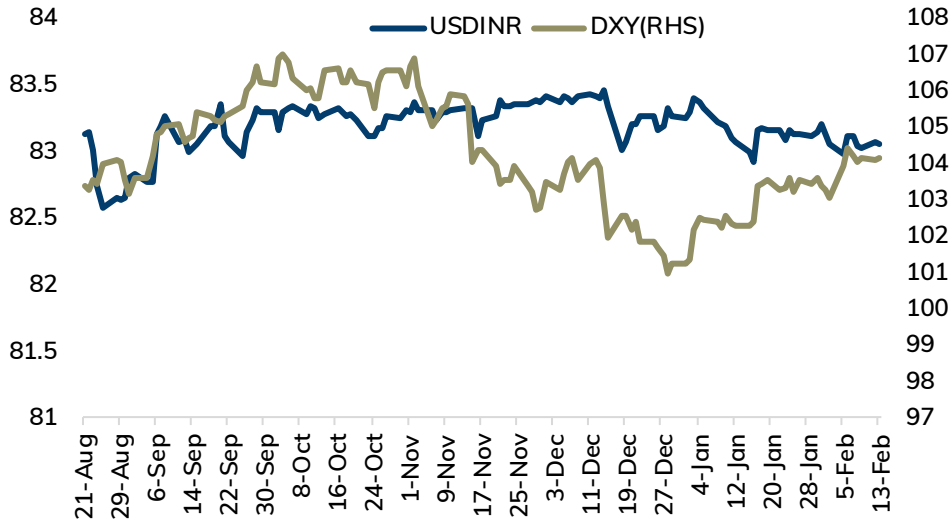
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.05	-0.03%	2404257	9924	1009285	-276847
EURINR (27th Feb)	89.54	-0.01%	145326	-7971	135037	40247
GBPINR (27th Feb)	104.80	0.05%	163938	3168	184952	44715

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Sell	707-707.5	700	711	Exit in Loss
EURINR	February	Buy	89.60-89.62	90.00	89.40	Exit in Loss

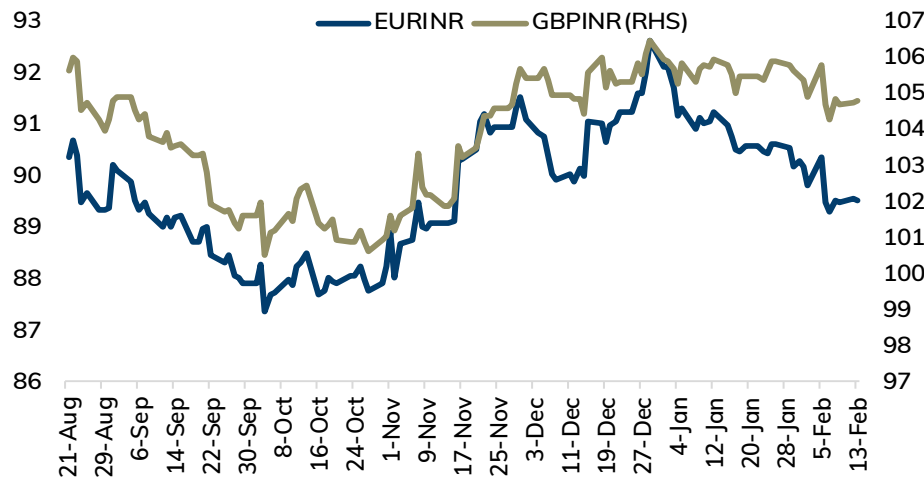
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended little changed yesterday ahead of Inflation data from India and US. Further, rupee gave up most of its early gains amid uptick in dollar, surge in crude oil prices and risk aversion in the domestic market.
- Rupee is likely to appreciate today amid expectation of correction in dollar and US treasury yields. Dollar and Yields may move south on forecast that price pressure continued to ebb in US, giving room for Fed to start cutting rates this year. Furthermore, Indian economy showed signs of resilience as industrial production rose and inflation eased. Data showed India's inflation eased to 5.1% in January and remained under RBI tolerance range of 2%-6%. Meanwhile, sharp gain's may be prevented on pessimistic global markets sentiments and rise in crude oil prices. USDINR Feb likely to slip towards 82.85 levels as long as it sustains below 83.15 levels

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro slipped by 0.10% yesterday due to firm dollar and dovish comments from ECB Governing Council member Panetta. Panetta signaled that ECB will have to start cutting interest rates soon. For today, EURUSD is likely to rise back towards 1.0810 level as long as it stays above 1.0740 level amid expectation of correction in dollar ahead of inflation data from US, which may provide clues on when Fed may begin widely anticipated interest rate cuts. Additionally, forecast of upbeat economic data from euro area will aid single currency. EURINR may rise towards 89.70 level as long as it trades above 89.20 levels.
- Pound is expected to rise towards 1.2660 level amid expectation of correction in dollar. Meanwhile, investors will remain vigilant ahead of job data from Britain to get cues on interest rate outlook. GBPINR is likely to move north towards 105.0 level as long as it stays above 104.40 levels

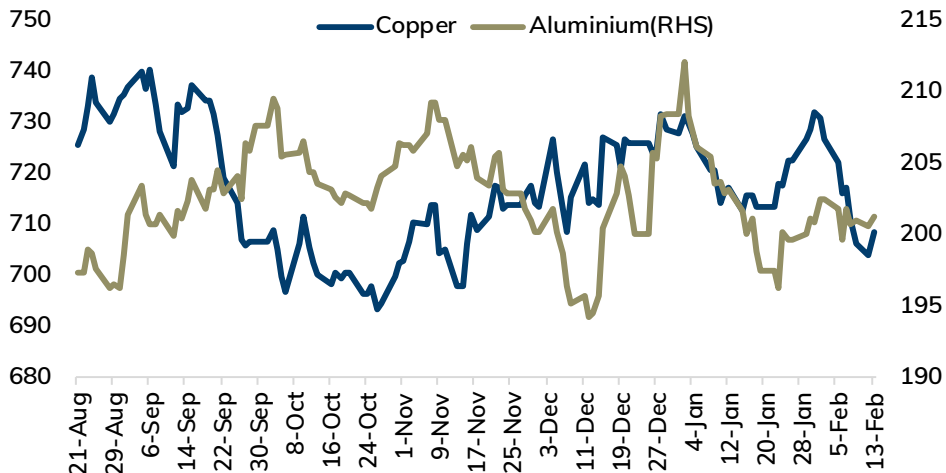
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely find the floor near \$2010 and rebound towards \$2045 on expectation of moderation in key US inflation numbers. US CPI is expected to dip to the 3% mark against previous reading 3.4%. Moreover the core inflation numbers is also likely to soften, which would provide scope for Federal reserve to cut the interest rates. Further safe haven buying in the yellow metal amid geopolitical unrest in Mideast would restrict its downside.
- MCX Gold April price is likely to consolidate in the band of 61,800 and 62,600. Only a move above 62,600 would bring fresh buying in the metal and push the price towards 63,000 levels. On the flip side below 61,800 it would weaken towards 61,500.
- MCX Silver is expected to remain in the band of 70,400 and 72,000. Only a move above 72,000 it would turn bullish.

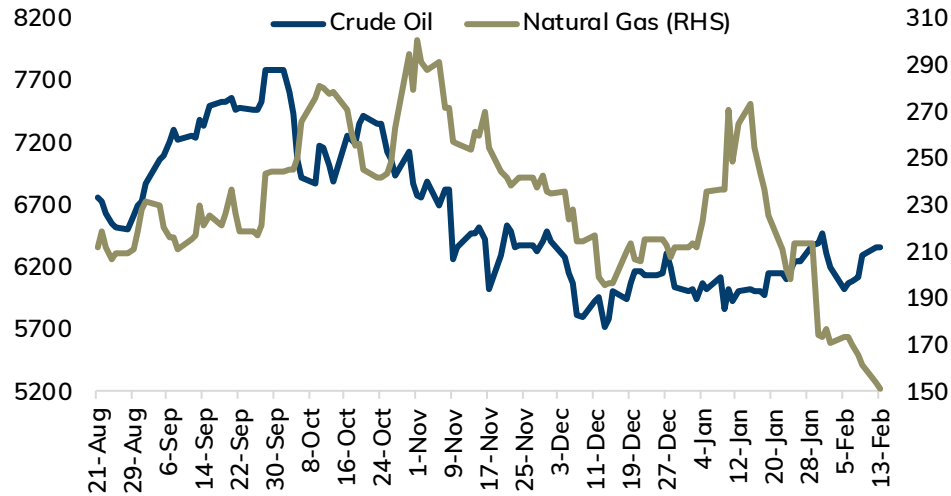
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to move in a range ahead of the key US inflation numbers. Meanwhile, sluggish growth outlook and lower demand ahead of the Lunar New year holiday in China would check any major upside in the metal prices. Meanwhile, persistent decline in inventory level in LME could limit more downside in prices. Further, any new measure from China to support the economy would aid prices.
- MCX Copper is expected to move in the band of 700 and 710. Only a sustained move above 710 would push the price towards 714. On the flip side a move below 700 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 hold its strength and move towards \$78 amid rising Mideast tension. Further, second voluntary production cut in December by Iraq as committed to OPEC would also support the oil prices. Meanwhile, all focus will be on key US inflation data due today. Any sign of moderation in inflation numbers would pave the way for first interest rate cut in US and which will support the crude oil demand.
- MCX Crude oil is likely to move towards 6410, as long as it holds above the 6250 levels. Only close above 6410 would push the price further towards 6500 levels.
- MCX Natural gas is expected to remain under pressure and slip further towards 148 level as long as it trades below 158 level. Forecast of warm US winter and higher inventory levels would weigh on the prices.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61709	61893	62111	62295	62513
Silver	69910	70460	71177	71727	72444
Copper	696.3	702.3	705.4	711.4	714.5
Aluminium	198.5	199.8	200.6	201.9	202.7
Zinc	202.5	205.5	207.7	210.8	213.0
Lead	174.2	175.8	176.7	178.3	179.2
Crude Oil	6229	6300	6347	6418	6465
Nat Gas	152	154	157	158	161

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.00	83.02	83.05	83.08	83.10
US\$INR (Mar)	83.09	83.11	83.13	83.16	83.18
EURINR (Feb)	89.34	89.44	89.61	89.71	89.88
EURINR (Mar)	89.50	89.61	89.77	89.88	90.04
GBPINR (Feb)	104.57	104.68	104.87	104.98	105.17
GBPINR (Mar)	104.70	104.80	104.97	105.07	105.24
JPYINR (Feb)	55.76	55.82	55.88	55.95	56.00
JPYINR (Mar)	56.11	56.18	56.23	56.30	56.36

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.17	104.11	0.06%
US\$INR	83.00	83.03	-0.04%
EURUSD	1.0772	1.0784	-0.11%
EURINR	89.38	89.41	-0.03%
GBPUSD	1.2629	1.2628	0.01%
GBPINR	104.76	104.72	0.04%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.094	7.106	-0.012
US	4.179	4.175	0.0039
Germany	2.362	2.382	-0.02
UK	4.057	4.086	-0.029
Japan	0.726	0.726	0

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	136300	-525	-0.38%
Aluminium	525250	-2100	-0.40%
Zinc	238275	11050	4.86%
Lead	155925	5250	3.48%
Nickel	71946	-174	-0.24%

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	-	15.2K	11.7K	High
12:30 PM	UK	Average Earnings Index 3m/y	-	5.60%	6.50%	Medium
3:30 PM	Europe	German ZEW Economic Sentiment	-	17.4	15.2	Medium
7:00 PM	US	CPI y/y	-	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.

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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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