

February 15, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	March	Sell	6420-6430	6280	6510	Intraday
EURINR	February	Buy	89.00-89.02	89.40	88.80	Intraday

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News and Developments

- Spot gold prices extended decline on Wednesday amid diminishing probability of early interest rate cut by the Federal Reserve. Sticky inflation numbers in US dashed hopes of quick cut to US interest rates from the Fed and pushed the dollar higher towards its 3-month high at 104.90.
- The US dollar index hit the highest level in 3-months after US inflation data slowed less than expected in January. But, it fell back from its 3-month highs amid dovish comments from the Fed member Goolsbee.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March rose to 10.5% from 9% and prospects of rate cut in May rose to 36% from 32% a day ago
- US 10-year treasury yields dipped to 4.25% and 2-year treasury yield, which typically moves in step with interest rate declined to 4.57%.
- Crude oil prices slide more than 1% yesterday after the weekly EIA data inventory showed an unexpected rise in crude inventories. Crude oil stocks jumped by 12 million barrels to 439.4 million barrels last week. Further, higher production in US which climbed to a record high of 13.3M barrels per day also weighed on the oil prices. Meanwhile, gasoline and distillate stocks reported a decline in the inventory levels last week
- Copper prices traded lower amid fading hopes of early cut in interest rate by the Fed. Further, sluggish growth outlook and contraction in the manufacturing activity has checked the upside in the red metal. 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 4% on Wednesday amid mild weather forecast and higher production in US.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	61443	-0.10%	1992.33	-0.04%
Silver	70152	0.74%	22.37	1.14%
Copper	705.9	-0.25%	8197.00	-0.76%
Aluminium	201.1	0.50%	2235.50	0.45%
Zinc	207.7	0.48%	2312.50	-0.09%
Lead	176.8	0.08%	2016.00	0.90%
WTI Crude Oil	6397	-1.43%	76.64	-1.58%
US Nat Gas	141.3	-3.15%	1.61	-4.74%

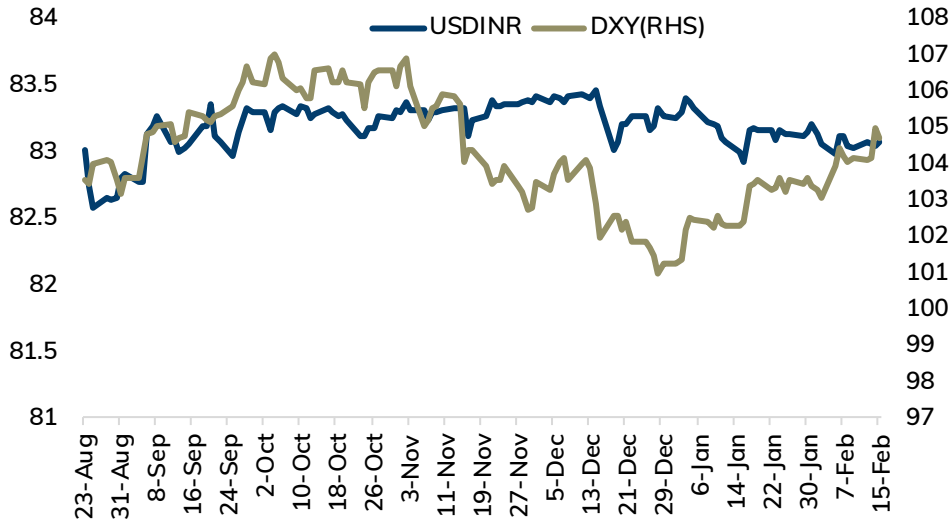
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	83.08	0.05%	2433569	-30763	1698008	859555
EURINR (27th Feb)	89.00	-0.64%	175072	29239	210719	94264
GBPINR (27th Feb)	104.27	-0.89%	213880	9033	500281	222040

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	March	Sell	61370-61400	61000	61600	Not Initiated
EURINR	February	Sell	89.20-89.22	88.80	89.40	Profit Booked

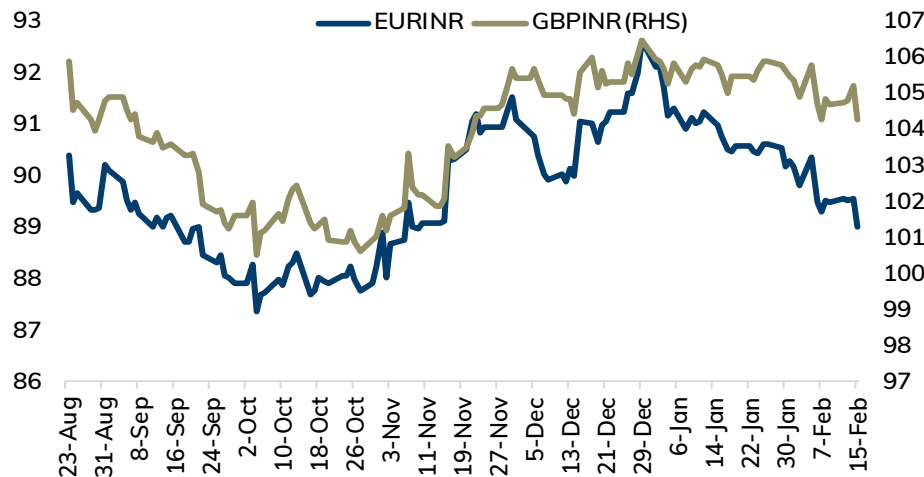
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee depreciated marginally yesterday as hotter than expected inflation figures from US clouds rate cut outlook. Further, data prompted investors to trim bets for deeper and early rate cuts from Fed.
- Rupee is likely to appreciate today amid soft dollar and decline in US treasury yields. Dollar fell back from 3-month high and Yields drifted lower following dovish comment from Fed official about the timing of possible interest rate cuts. Moreover, expectation of disappointing economic data from US will weigh on dollar. Additionally, softening of crude oil prices and rise in risk appetite in the global markets may aid rupee to gain strength. 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 gained by 0.18% yesterday amid weak dollar and optimistic global market sentiments. Additionally, better than expected economic data from euro zone and hawkish comments from ECB supported single currency. For today, EURUSD is likely to hold the support near 1.0690 level and rise towards 1.0770 level amid soft dollar and rise in risk appetite in the global markets. Meanwhile, investors will remain cautious ahead of ECB President Lagarde speech and economic data from euro zone to get fresh cues on interest rate outlook. EURINR Feb may rise towards 89.50 level as long as it trades above 88.80 levels.
- Pound is expected to slip further towards 1.2530 level as fresh data showed inflation in UK did not accelerate in January as anticipated, releasing some pressure on BOE to keep rates steady for longer duration. Meanwhile, investors will remain vigilant ahead of GDP data from Britain. GBPINR Feb is likely to move south towards 103.80 level as long as it stays below 104.60 levels

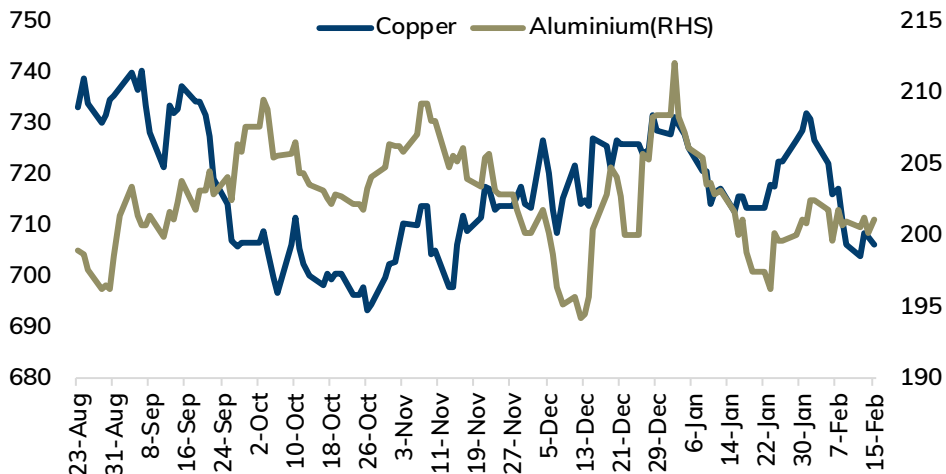
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the hurdle near \$2005 and weaken further towards \$1980 on diminishing prospects of early cut to interest rates by the Fed. Meanwhile, expectation of weak retail sales numbers and sluggish growth in the manufacturing activity in US could provide some support to the bullions. Moreover, 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 move in the band of 61,000 and 61,700. Only close below 61,000 it would turn weaker and slide towards 60,600.
- MCX Silver is expected to face the hurdle near 71,200 and weaken further towards 69,200.

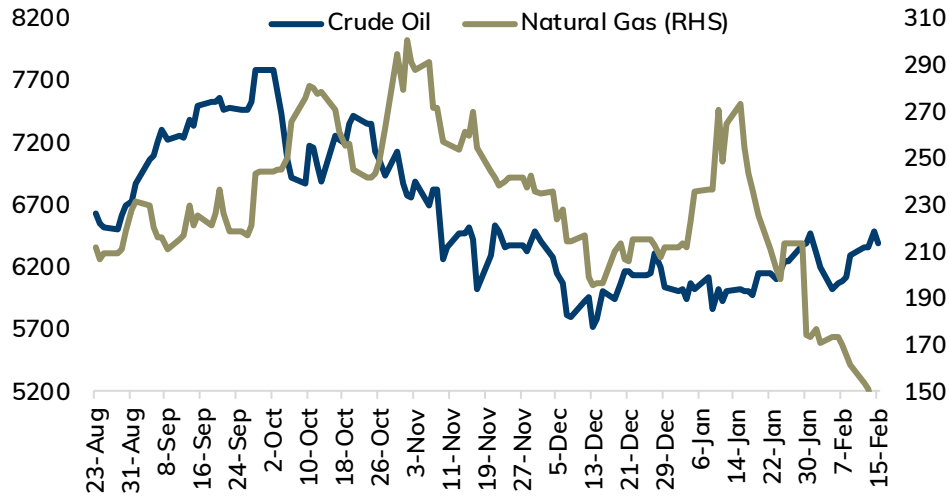
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to consolidate as investors await fresh clues for trigger. Less than normal activity in China amid New year holiday would hurt base metal prices. Further, growing prospects of higher interest rate in major economies would hurt the demand outlook and limit any major upside in the red metal. Meanwhile, persistent decline in inventory level in LME and hopes of new measure from China would support the metal to recover some of its 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 \$77 and weaken further towards \$74 amid record high US crude oil production and inventory levels. Further, diminishing prospects of interest rate cuts by the Federal Reserve would also weigh on the prices. Meanwhile, persistence supply concerns due to unrest in the Mideast would limit its downside.
- MCX Crude oil March is likely to face the hurdle near 6460 and move lower towards 6250. Only a move above 6460 it would open the doors towards 6525.
- MCX Natural gas is expected to remain under pressure and slip further towards 130 level as long as it trades below 144 level. Higher production and mild winter weather forecast would check its upside.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61082	61263	61370	61551	61658
Silver	68688	69420	69860	70592	71032
Copper	701.5	703.7	706.4	708.6	711.2
Aluminium	198.3	199.7	200.8	202.2	203.2
Zinc	204.9	206.3	207.3	208.7	209.6
Lead	175.5	176.1	176.8	177.4	178.1
Crude Oil	6280	6338	6441	6499	6602
Nat Gas	135	138	143	146	151

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	83.01	83.04	83.10	83.14	83.20
US\$INR (Mar)	83.09	83.13	83.18	83.22	83.27
EURINR (Feb)	88.75	88.87	89.08	89.20	89.41
EURINR (Mar)	89.03	89.11	89.24	89.32	89.45
GBPINR (Feb)	103.59	103.93	104.54	104.88	105.49
GBPINR (Mar)	103.92	104.15	104.54	104.78	105.17
JPYINR (Feb)	55.17	55.25	55.37	55.45	55.58
JPYINR (Mar)	55.58	55.64	55.73	55.79	55.88

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.72	104.96	-0.23%
US\$INR	83.03	83.01	0.02%
EURUSD	1.0727	1.0709	0.17%
EURINR	88.85	89.39	-0.61%
GBPUSD	1.2566	1.2592	-0.21%
GBPINR	104.11	105.05	-0.89%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.112	7.099	0.013
US	4.255	4.314	-0.0589
Germany	2.337	2.393	-0.056
UK	4.044	4.151	-0.107
Japan	0.753	0.728	0.025

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
2/14/2024	9:00 PM	12.0M	3.3M
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

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	133825	-1625	-1.20%
Aluminium	525100	-125	-0.02%
Zinc	254825	8425	3.42%
Lead	168725	6250	3.85%
Nickel	71970	24	0.03%

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	4.00%	4.10%	4.00%	High
3:30 PM	Europe	Flash GDP q/q	0.00%	0.00%	0.00%	Medium
3:30 PM	Europe	Industrial Production m/m	2.60%	-0.20%	-0.30%	Medium
9:00 PM	US	Crude Oil Inventories	12.0M	3.3M	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



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