

February 21, 2024

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	March	Buy	726-727	734	723	Intraday
EURINR	February	Buy	89.58-89.60	90.00	89.40	Intraday

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News and Developments

- Spot gold prices almost hit the \$2030 mark on Tuesday amid fall in US treasury yields and softer dollar as most investors remained cautious ahead of the FOMC minutes. Further, persistent tension in the middle east fueled the demand for safe haven asset.
- The US dollar index edged lower to 104.2 on Tuesday after US January leading indicators fell more than expected.
- US 10-year treasury yields slipped to 4.256% and 2-year treasury yield, which typically moves in step with interest rate slide below 4.59%.
- As per CME Fed-watch tool, expectations for Fed to cut rate in March dipped to 8.5% and prospects of rate cut in May jumped to 33% against 28% a day ago
- Crude oil prices lost more than 1% on Tuesday amid worries about global oil demand. EIA in its report pointed towards lower growth in coming year due to shifts towards renewable energy. Meanwhile, persistence geopolitical tension in the Mideast supported oil prices to trim its losses.
- Copper prices advanced yesterday amid weaker dollar and as China cuts its mortgage rates for the first time since June 2023. China in an effort reduced the benchmark mortgage rates by 25 bps to support the economy. Further, depleting inventories in LME also supported its rise.
- NYMEX natural gas prices remained under pressure amid higher production and above average temperatures in US. The Energy Information Administration last week said inventories of the fuel stood at 2.54-trillion cubic feet, 15.9% above the five-year average.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	62167	0.26%	2024.41	0.36%
Silver	71255	-0.07%	23.00	-0.08%
Copper	725.2	0.69%	8500.00	0.78%
Aluminium	199.3	0.94%	2193.50	-0.16%
Zinc	212.1	-1.71%	2379.00	-0.94%
Lead	177.2	-0.17%	2048.00	0.24%
WTI Crude Oil	6430	-1.35%	78.18	-1.28%
US Nat Gas	138.9	0.51%	1.58	-2.05%

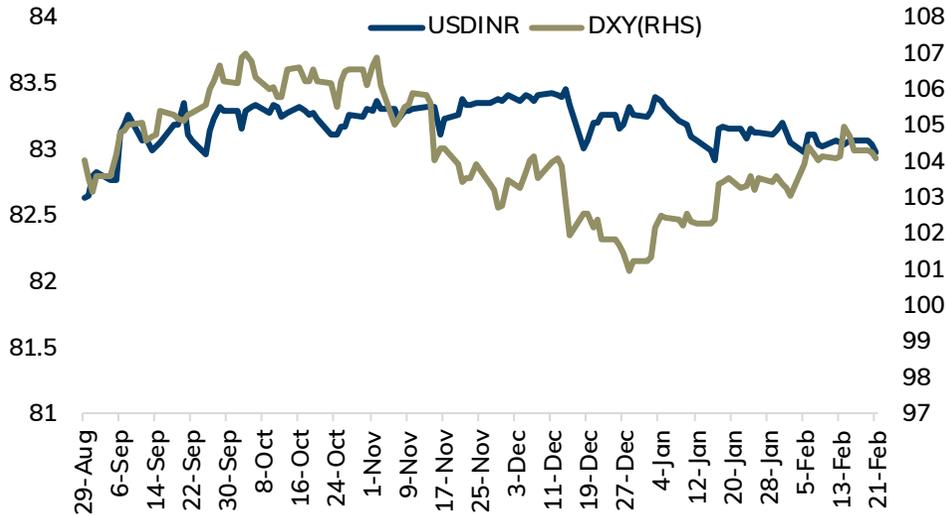
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Feb)	82.98	-0.07%	2484140	59494	1196014	349407
EURINR (27th Feb)	89.64	0.15%	142439	-7552	125633	-4752
GBPINR (27th Feb)	104.56	-0.02%	187636	-4369	143257	-72184

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	February	Buy	717.50-718	725	714	Not Initiated
EURINR	February	Sell	89.48-89.50	89.10	89.70	Stoploss Triggered

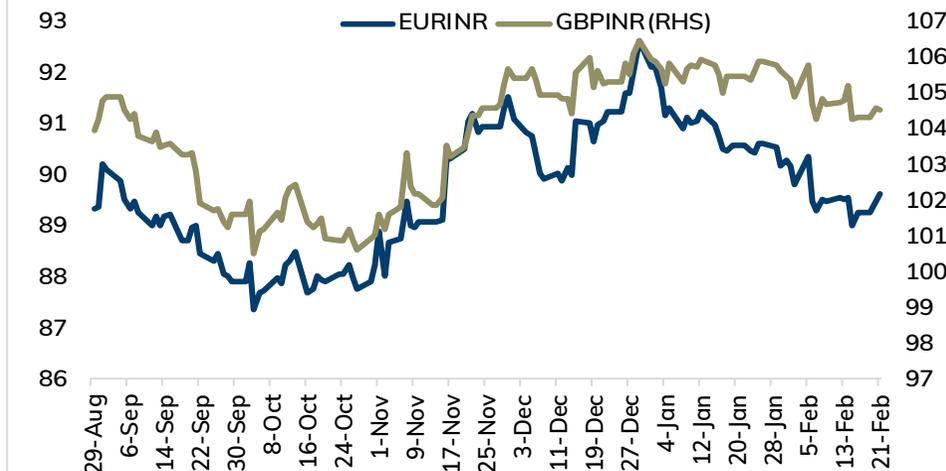
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee appreciated yesterday amid weak dollar and decline in US treasury yields. Further, rise in risk appetite in the domestic markets supported domestic currency. Meanwhile, dollar demand from importers capped sharp gains.
- Rupee is likely to appreciate today amid soft dollar and fall in US treasury yields. Dollar lost its strength after China cut interest rate in a bid to support economic growth, raising hopes of additional stimulus from China which would boost global growth. Additionally, investors will evaluate FOMC meeting minutes for new clues on when Fed is probable to begin cutting rates. Moreover, rupee may gain strength on likely inflows and optimistic domestic market sentiments. USDINR Feb may slip towards 82.85 levels as long as it sustains below 83.10 levels

EURINR vs. GBPINR



Euro and Pound Outlook

- Euro gained by 0.28% yesterday amid weak dollar and improved economic data from euro zone. Eurozone new car registrations increased in January and construction output rose by the most in 10 months in December. For today, EURUSD is likely to hold the support near 1.0770 level and rise towards 1.0850 level amid weak dollar and signs of economic strength in the Eurozone. EURINR Feb may rise towards 90.00 level as long as it trades above 89.35 levels
- Pound is expected to rise further towards 1.2700 level amid weak dollar and expectation of improved economic data from Britain. Meanwhile, sharp upside may be capped on dovish statement from BOE Governor Andrew Bailey. He said that he was comfortable with investors betting on interest rate cuts this year. GBPINR Feb is likely to move north towards 105.0 level as long as it stays above 104.40 levels

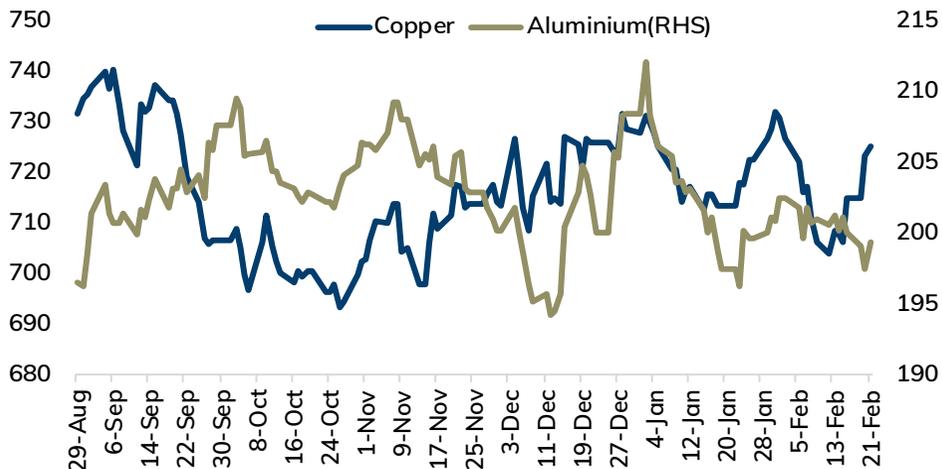
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is expected to consolidate in the range of \$2000 and \$2025 ahead of today's FOMC minutes. Further, investors will keep an eye on key comments from the Fed members to get more clarity on the timing of interest rate cut. While, demand for safe haven may rise due to the ongoing tension in the Middle east.
- MCX Gold April price is expected to face the resistance at 62,400 and weaken towards the immediate support at 61,800. Only close below 61,800 it would turn weaker and slide towards 61,400.
- MCX Silver is expected to face the hurdle near 72,200 and move lower towards 70,800. Only a sustained move below 70,800, would weaken further towards 70,400.

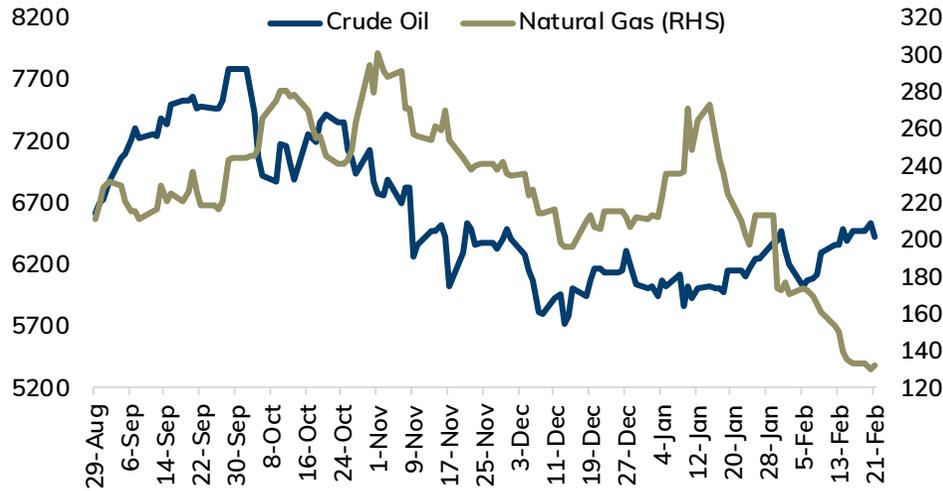
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to hold its gains and move higher amid tightness in the physical market. Further, hopes of fresh round of stimulus from China to support the struggling property sector would help the red metal to trade firm. Moreover, depleting stocks at LME registered warehouses and cut of 25 bps in 5-year lending rates by PBOC would also provide necessary support to the metal. Meanwhile, focus will remain on FOMC minutes, which may give some clues on timing of first interest rate cut.
- MCX Copper March is expected to hold the 20 day EMA at 724 and rise towards 734. Only a sustained move above 734 would push the price towards 739.
- Aluminum March future is expected to find support near 199 and move higher towards 203.50..

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to find support near \$75.50 and regain its strength towards \$78.50 amid increasing supply concerns due to unrest in the Mideast. Persistent attacks on the ships in the Red sea has kindled the tensions again, which might support the oil prices to stay above the \$75.50 mark. Meanwhile, uncertain demand outlook in the coming year due to higher interest rate stance and sluggish growth outlook in China would dent any major up move in price.
- MCX Crude oil March is expected to find support near 6300 and move higher towards 6520. Only a move above 6520 it would open the doors towards 6640. On the contrary, below 6300 it would slide towards 6200.
- MCX Natural gas is expected to find support near 128 and move higher towards 136. Its upside could be capped amid warm winter weather forecast.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	61792	61979	62119	62306	62446
Silver	70752	71003	71277	71528	71802
Copper	715.2	720.2	723.1	728.0	730.9
Aluminium	193.9	196.6	198.4	201.1	202.8
Zinc	209.4	210.7	212.9	214.2	216.4
Lead	176.4	176.8	177.1	177.5	177.8
Crude Oil	6298	6364	6444	6510	6590
Nat Gas	135	137	139	141	143

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.87	82.93	82.99	83.05	83.11
US\$INR (Mar)	82.96	83.01	83.07	83.13	83.19
EURINR (Feb)	89.26	89.45	89.58	89.77	89.91
EURINR (Mar)	89.42	89.60	89.73	89.91	90.04
GBPINR (Feb)	104.30	104.43	104.56	104.69	104.82
GBPINR (Mar)	104.40	104.52	104.65	104.77	104.89
JPYINR (Feb)	55.22	55.29	55.35	55.41	55.47
JPYINR (Mar)	55.57	55.64	55.69	55.76	55.81

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.08	104.29	-0.20%
US\$INR	82.97	83.02	-0.05%
EURUSD	1.0808	1.0779	0.27%
EURINR	89.60	89.38	0.25%
GBPUSD	1.2623	1.2594	0.23%
GBPINR	104.57	104.48	0.09%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.061	7.099	-0.038
US	4.275	4.279	-0.0039
Germany	2.373	2.411	-0.038
UK	4.041	4.108	-0.067
Japan	0.734	0.735	-0.001

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	125925	-2375	-1.85%
Aluminium	564675	15075	2.74%
Zinc	269400	-650	-0.24%
Lead	178500	-1450	-0.81%
Nickel	70320	-18	-0.03%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, February 19, 2024						
5:31 AM	UK	Rightmove HPI m/m	0.90%	-	1.30%	Medium
All Day	US	Bank Holiday	-	-	-	Medium
Tuesday, February 20, 2024						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.45%	3.45%	Medium
6:45 AM	China	5-y Loan Prime Rate	3.95%	4.10%	4.10%	Medium
3:45 PM	UK	Monetary Policy Report Hearings	-	-	-	Medium
Wednesday, February 21, 2024						
4:30 PM	UK	CBI Industrial Order Expectations	-	-27	-30	Medium
6:30 PM	US	FOMC Member Bostic Speaks	-	-	-	Medium
8:30 PM	Europe	Consumer Confidence	-	-16	-16	Medium
Thursday, February 22, 2024						
12:30 AM	US	FOMC Meeting Minutes	-	-	-	High
1:45 PM	Europe	French Flash Manufacturing PMI	-	43.5	43.1	High
2:00 PM	Europe	German Flash Manufacturing PMI	-	46.1	45.5	High
2:30 PM	Europe	Flash Manufacturing PMI	-	47	46.6	High
3:00 PM	UK	Flash Manufacturing PMI	-	47.5	47	High
7:00 PM	US	Unemployment Claims	-	217K	212K	High
8:15 PM	US	Flash Manufacturing PMI	-	50.1	50.7	High
8:15 PM	US	Flash Services PMI	-	52	52.5	High
8:30 PM	US	Existing Home Sales	-	3.97M	3.78M	Medium
9:00 PM	US	Natural Gas Storage	-	-	-49B	Medium
9:30 PM	US	Crude Oil Inventories	-	-	12.0M	Medium
Friday, February 23, 2024						
12:30 PM	Europe	German Final GDP q/q	-	-0.30%	-0.30%	Medium
2:30 PM	Europe	German ifo Business Climate	-	85.5	85.2	Medium

Source: Bloomberg, Reuters, ICICI Direct Research



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