

March 22, 2024

Daily Currency & Commodities Outlook

Daily Recommendations						
Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	April	Sell	6750-6760	6600	6850	Intraday
GBPINR	March	Sell	105.55-105.56	105.20	105.70	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 ended on the negative note losing more than 0.2% yesterday amid strong dollar and recovery in US treasury yields. Further, prices slipped on rise in risk appetite in the global markets and improved economic data from US. Global share benchmarks rallied after the Swiss National Bank eased monetary policy
- Dollar index rallied by 0.57% yesterday after improved economic data from US showed resilience in the economy, raising question about the timing of expected interest rate cuts this year. Further, dollar rose after the Swiss National Bank's surprise interest rate cut. Also, weakness in the British pound gave the dollar a boost
- The S&P Global manufacturing purchasing managers' index improved in early March to 52.5 from 52.2 in February, while the job data showed number of people filing new claims for unemployment benefits unexpectedly fell last week and the National Association of Realtors also reported that US existing home sales increased to a 1-year high in February
- SNB cut its main interest rate by 25 basis points to 1.50%, making it the first major central bank to dial back tighter monetary policy. While, BoE kept its benchmark interest rate on hold as expected but 2 officials who had previously called for higher rates changed their stance
- U.S. Treasury yields recovered after the release of upbeat economic data from US. Yield on benchmark US 10-year treasury note slipped to 4.271% and 2-year treasury yield, which typically moves in step with interest rate expectations edged lower to 4.638%.
- Crude oil prices ended on negative note amid strong dollar and on reports of a United Nations draft resolution calling for a ceasefire in Gaza
- Copper prices moved lower on strong dollar. Meanwhile, sharp fall was cushioned on optimistic global market sentiments following US Fed indication that it would stick with its interest rate cut plans for this year

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	66189	0.67%	2181.33	-0.23%
Silver	75081	-0.31%	24.74	-3.28%
Copper	757.4	0.50%	8950.50	0.25%
Aluminium	205.0	0.47%	2301.50	1.25%
Zinc	219.4	0.32%	2524.50	0.64%
Lead	175.5	-1.18%	2050.50	-0.65%
WTI Crude Oil	6733	-0.22%	81.07	-0.75%
US Nat Gas	139.9	-1.41%	1.68	-0.94%

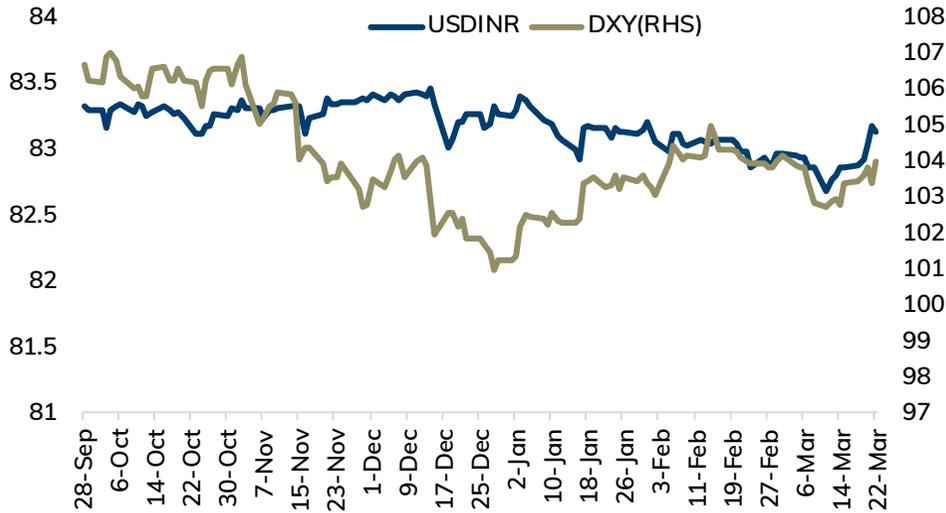
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	83.13	-0.05%	2733762	-167034	2484003	283460
EURINR (26th Mar)	90.72	0.59%	74547	-14391	171640	76193
GBPINR (26th Mar)	106.03	0.44%	159677	-6341	235122	99034

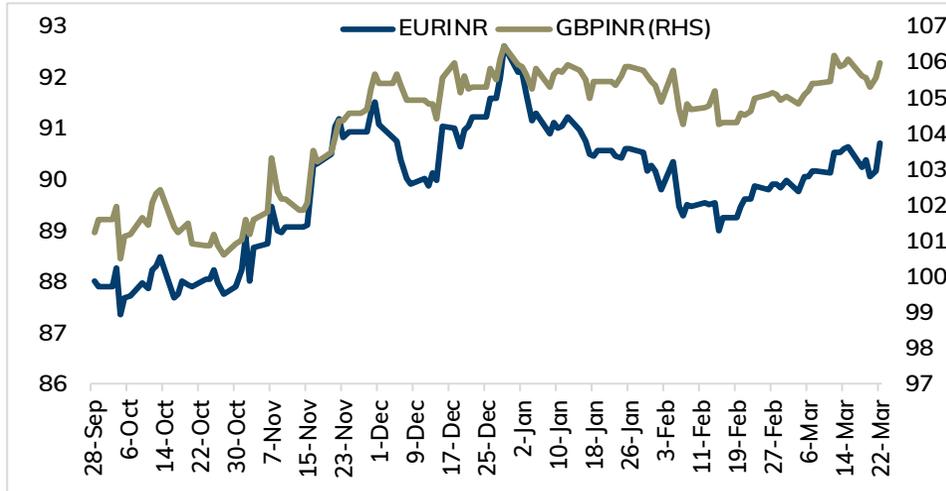
Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	March	Buy	753.50-754	761	750	Not Initiated
USDINR	March	Sell	83.15-83.16	83.00	83.21	Profit Booked

Dollar Index vs. US\$INR



EURINR vs. GBPINR



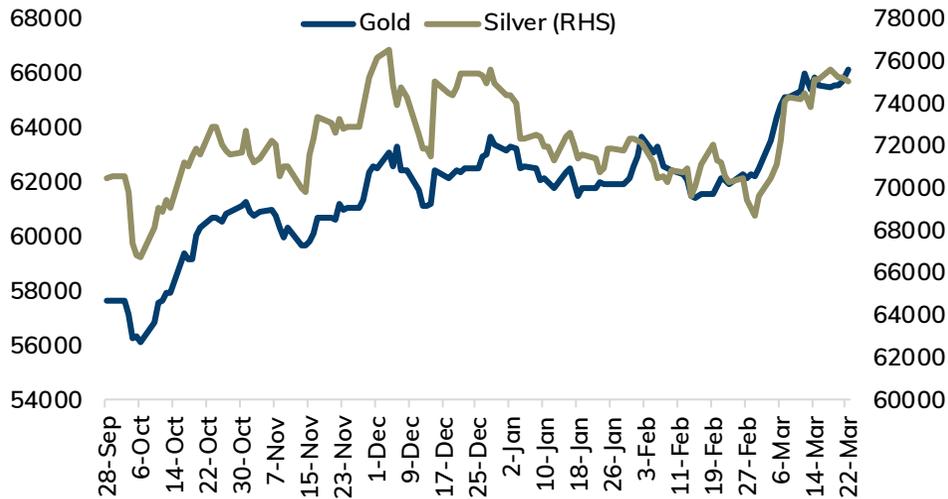
Rupee Outlook

- Rupee pared most of its gains yesterday amid strong dollar demand from domestic corporates. Earlier rupee hit the intraday highs at 83.05 amid weakness in the dollar after the Federal reserve maintained its projection for three rate cuts this year.
- Rupee is expected to depreciate towards the 83.30 mark amid firm dollar. Better than expected US economic numbers and surprise rate cut by Swiss National Bank has supported the dollar to rebound. Meanwhile, increasing probability of rate cut in June would limit any major upside in the dollar. As per the CME Fed-Watch tool, rate cut probability in June has jumped to 70%. Further, improved risk appetite and strong inflows into the domestic markets would also check the downside in rupee. USDINR March likely to face the hurdle near 83.30 and move back towards 83.10.

Euro and Pound Outlook

- Euro gave up its early advances and turned lower amid weaker manufacturing PMI numbers in the region and strong dollar. Eurozone March PMI fell to 45.7 against 46.7. For today, EURUSD is likely to find support near 1.0830 and rise back towards 1.09, on expectation of improved economic numbers from Germany. Further, focus will shift towards outcome from Euro Summit. EURINR March is likely to find support near 90.20 and move towards 90.80. Only close below 90.20 it would test 90.00.
- Pound lost almost 1% after BOE kept its benchmark rates on hold as expected. It fell after all the members voted for no hike in interest rates. The pair is expected to move in the range of 1.2630 and 1.27. Forecast of weakness in retail sales numbers could weigh on the pair, where as improved risk appetite could limit its downside. GBPINR March is likely to move towards 105.20, as long as it trades under 105.70. Only a move below 105.20 it would slip towards 105 level.

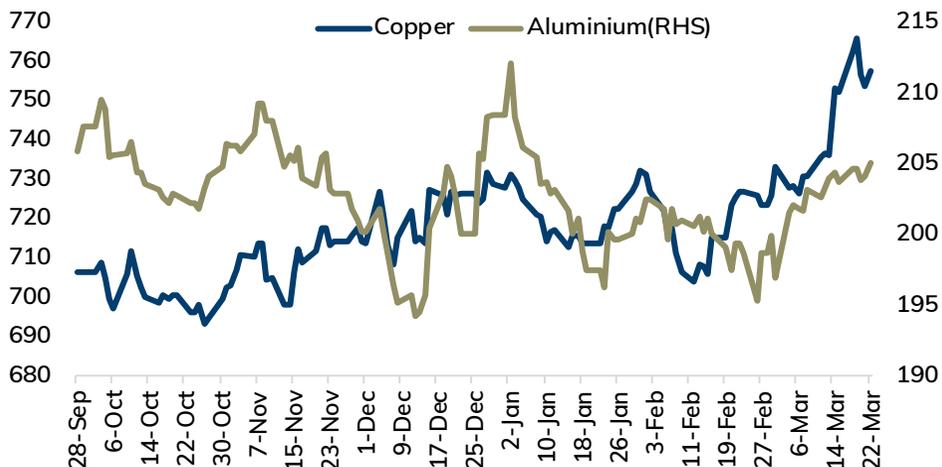
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to hold the support near \$2170 levels and rise towards \$2200 levels amid weakness in US treasury yields. US yields may move further south as US Federal Reserve in its recent meeting kept its monetary policy unchanged as widely expected and indicated that it would stick to its plan of interest rate cuts this year. It even pushed back market expectations of only 2 rate cuts this year. As per CME FedWatch tool traders are now pricing in a 70% probability that Fed will begin cutting rates in June, up from 67.4% as day ago. Meanwhile, sharp upside may be capped on rise in risk appetite in the global markets and release of strong economic data
- MCX Gold April prices is likely to rise towards 66,350 level as long as it stays above 65,650 levels
- MCX Silver May is expected is expected to follow gold and rise back towards 76,000 level as long as it sustains above 74,600 level.

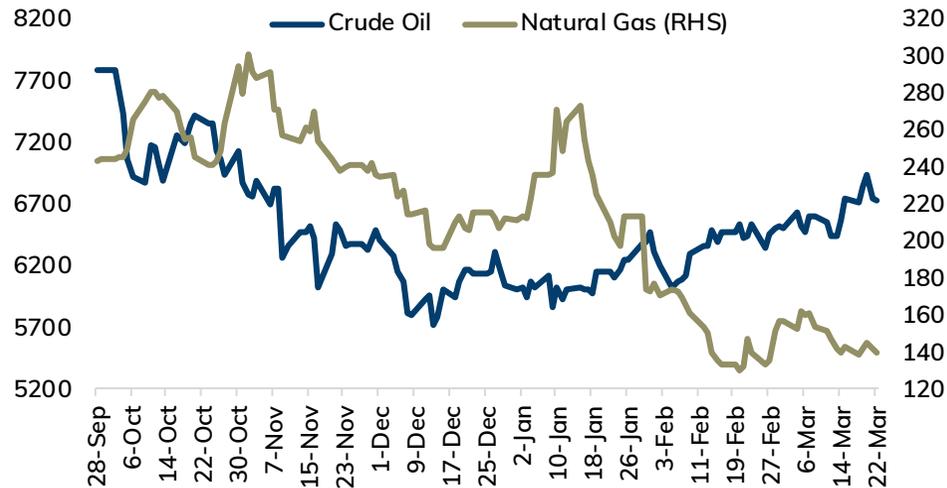
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with the positive bias buoyed by optimistic global market sentiments and persistent decline in copper stocks at LME registered warehouses. Market sentiments improved after US Federal Reserve hinted that it was on course for 3 interest rate cuts in 2024, SNB dialed back tighter monetary policy and BOE Governor Andrew Bailey said economy is moving towards the point where central bank can start cutting interest rates. Lowering borrowing cost brightened demand outlook for industrial metals. Meanwhile, investors will remain cautious ahead of slew of economic data from major economies
- MCX Copper is expected to move north towards 765 level as long as it stays above 750 level.
- Aluminum is expected to rise back towards 206 level as long as it stays above 204 level.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$79.50 level on firm dollar and hopes for ceasefire in Gaza. US is set to table UN draft resolution demanding an immediate ceasefire in Gaza. Meanwhile, sharp downside may be cushioned on optimistic global market sentiments and Ukrainian attacks on Russian refineries. Additionally, major central banks like US Fed and BOE signaled rate cuts this year and SNB became first major central bank to dial back tighter monetary policy, lower rates could boost economic growth and increase demand for oil
- MCX Crude oil April is likely to dip towards 6600 levels as long as it trades below 6850 levels.
- MCX Natural gas April is expected to slid further towards 147 levels as long as it stays below 158 levels as weekly EIA inventory report showed that US natural gas inventories are abundant.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	65237	65713	66328	66804	67419
Silver	72330	73706	76014	77390	79698
Copper	735.1	746.3	755.1	766.3	775.1
Aluminium	203.6	204.3	205.1	205.8	206.6
Zinc	217.0	218.2	219.8	221.0	222.7
Lead	170.8	173.1	175.7	178.0	180.6
Crude Oil	6622	6677	6746	6801	6870
Nat Gas	136	138	140	142	145

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	83.00	83.06	83.11	83.18	83.22
US\$INR (Apr)	83.06	83.13	83.18	83.25	83.30
EURINR (Mar)	90.33	90.53	90.73	90.92	91.12
EURINR (Apr)	90.51	90.69	90.88	91.05	91.24
GBPINR (Mar)	105.46	105.75	106.04	106.32	106.61
GBPINR (Apr)	105.85	105.98	106.17	106.31	106.50
JPYINR (Mar)	54.80	54.95	55.12	55.27	55.44
JPYINR (Apr)	55.18	55.34	55.51	55.67	55.83

Key Parameters

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.01	103.39	0.60%
US\$INR	83.15	83.17	-0.02%
EURUSD	1.0860	1.0922	-0.57%
EURINR	90.76	90.15	0.68%
GBPUSD	1.2658	1.2785	-0.99%
GBPINR	106.20	105.56	0.61%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.048	7.091	-0.043
US	4.267	4.273	-0.0059
Germany	2.405	2.432	-0.027
UK	3.995	4.016	-0.021
Japan	0.741	0.741	0

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
3/20/2024	8:00 PM	-2.0M.	-0.9M
3/13/2024	8:00 PM	-1.5M	0.9M
3/6/2024	9:00 PM	1.4M	2.4M
2/28/2024	9:00 PM	4.2M	3.1M
2/22/2024	9:30 PM	3.5M	3.9M
2/14/2024	9:00 PM	12.0M	3.3M
2/7/2024	9:00 PM	5.5M	1.7M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	111325	-1000	-0.89%
Aluminium	564050	-2275	-0.40%
Zinc	272925	2400	0.89%
Lead	267775	700	0.26%
Nickel	77640	-114	-0.15%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 18, 2024						
7:30 AM	China	Industrial Production y/y	7.00%	-	6.80%	High
3:30 PM	Europe	Final CPI y/y	2.60%	-	2.60%	Medium
Tuesday, March 19, 2024						
Tentative	Japan	BOJ Policy Rate	0.10%	-0.10%	-0.10%	High
3:30 PM	Europe	German ZEW Economic Sentiment	31.70	20.60	19.90	Medium
6:00 PM	US	Building Permits	1.52M	1.5M	1.47M	Medium
Wednesday, March 20, 2024						
6:45 AM	China	5-y Loan Prime Rate	3.95%	3.95%	3.95%	High
3:30 PM	UK	CPI y/y	3.40%	3.50%	4.00%	High
8:00 PM	US	Crude Oil Inventories	(-2.0)M	(-0.9)M	(-1.5)M	Medium
11:30 PM	US	Federal Funds Rate	5.50%	5.50%	5.50%	High
11:30 PM	US	FOMC Economic Projections	-	-	-	
Thursday, March 21, 2024						
2:30 PM	Europe	Flash Manufacturing PMI	45.7	47	46.5	High
2:30 PM	Europe	Flash Services PMI	51.1	50.5	50.2	High
5:30 PM	UK	Official Bank Rate	5.25%	5.25%	5.25%	High
6:00 PM	US	Unemployment Claims	210k	212k	209K	High
7:15 PM	US	Flash Manufacturing PMI	52.5	51.8	52.2	High
7:15 PM	US	Flash Services PMI	51.7	52	52.3	High
8:00 PM	US	Natural Gas Storage	7B	5B	-40B	Medium
Friday, March 22, 2024						
12:30 PM	UK	Retail Sales m/m		-	3.4%	High
2:30 PM	Europe	German ifo Business Climate		-	85.5	Medium



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

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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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