

May 23, 2024

# Daily Commodities Outlook

## Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude Oil	June	Sell	6450-6460	6300	6550	Intraday

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## News and Developments

- Spot gold prices slipped yesterday by more than 1.5% and dropped below \$2400 level amid strong dollar and rise in US treasury yields after hawkish FOMC meeting minutes. Meeting minutes showed that Federal Reserve officials fear that it would take longer than previously anticipated to gain greater confidence in inflation moving to 2% and even "various" officials said they'd be willing to hike borrowing costs again, if inflation surged
- Dollar index edged up yesterday amid hawkish FOMC meeting minutes. Meanwhile, sharp upside was capped due to unexpected decline in US existing home sales and rally in British Pound after Prime Minister Rishi Sunak called for a general election for July 4
- As per CME Fedwatch tool, expectations for Fed to cut rate in September slip to 60% from 65.7% a day ago while, prospects of no rate cut rose to 40% from 34.3% a day ago
- U.S Treasury yields rose after FOMC meeting minutes showed central bank officials were concerned about higher inflation and acknowledged that disappointing inflation readings in the first quarter could delay those rate cuts. Yield on benchmark US 10-year treasury note rose to 4.426% and 2-year treasury yield, which typically moves in step with interest rate expectations edged higher to 4.873%.
- Crude oil prices slipped more than 1% yesterday amid strong dollar after hawkish FOMC meeting minutes. Further, as per EIA US crude stocks rose by 1.8 million barrels and distillate stockpiles unexpectedly rose by 379,000 barrels while, gasoline inventories declined by about 945,000 barrels last week
- Copper prices slipped more than 5% yesterday on profit booking and depressed physical consumption. Further, prices slipped on rise in LME inventories coupled with decline in cancel warrants

## Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	73046	-1.32%	2378.85	-1.74%
Silver	93013	-1.81%	30.79	-3.71%
Copper	896.2	-4.17%	10419.00	-4.05%
Aluminium	241.5	-2.48%	2636.50	-3.27%
Zinc	271.8	-1.29%	3062.50	-2.45%
Lead	193.5	-0.97%	2314.00	-0.96%
WTI Crude Oil	6492	-1.16%	77.57	-2.13%
US Nat Gas	234.2	4.74%	2.84	6.40%

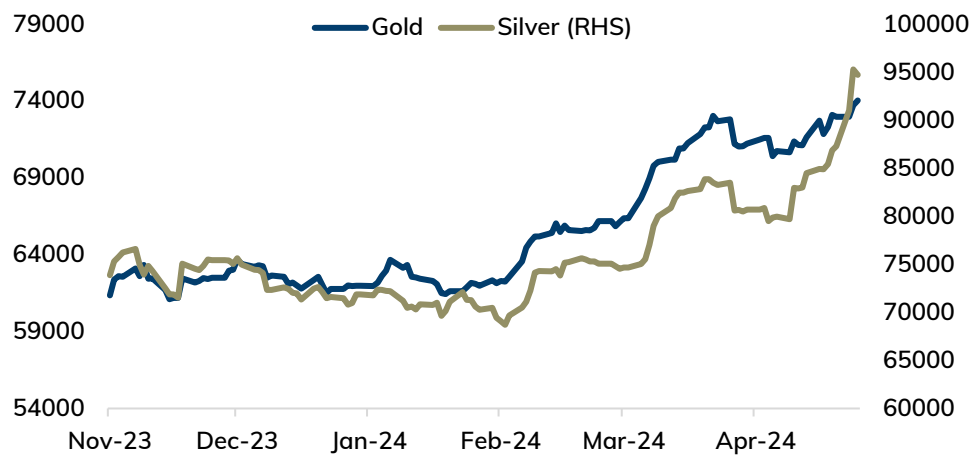
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	83.53	-0.02%	3110057	6357	452516	174121
EURINR (29th May)	90.79	0.48%	23735	2203	4989	-600
GBPINR (29th May)	105.78	0.55%	17752	1543	6281	-196

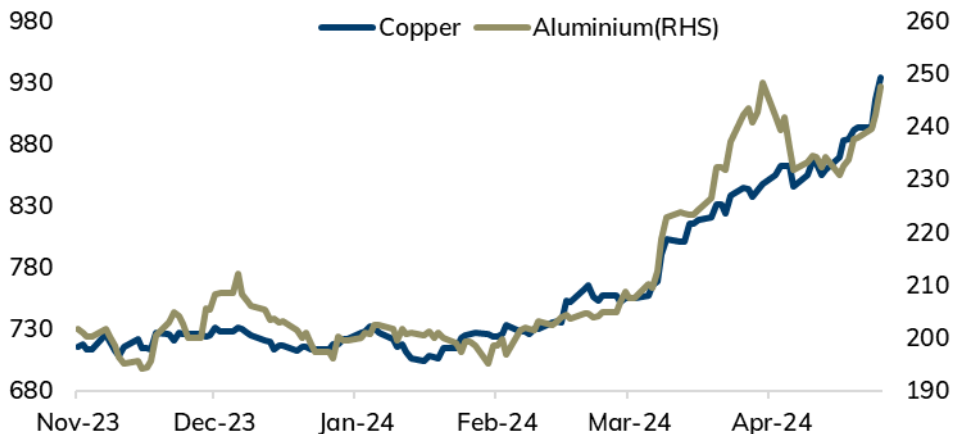
## Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Gold Mini	June	Sell	74000-74050	73450	74350	Not initiated

## MCX Gold vs. Silver



## MCX Copper vs. Aluminium



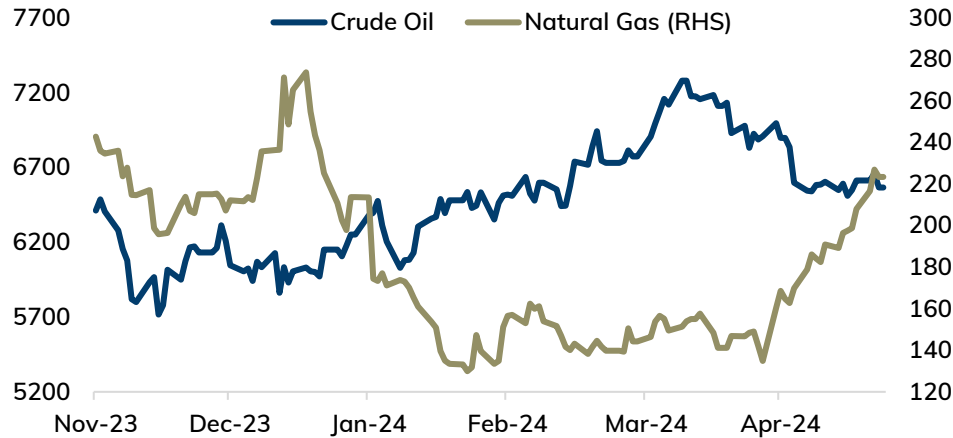
## Bullion Outlook

- Spot gold is likely to slip further towards \$2360 level amid strong dollar and rise in US treasury yields. Yields and Dollar are moving north as recent FOMC meeting minutes showed that most of the policymakers are worried over stickiness in inflation and see rates staying at current level. Meanwhile, sharp fall in gold may be cushioned on expectation of disappointing economic data from US. Additionally, data released since Fed meeting has shown inflation cooling and job growth slowing more than expected. Spot gold is likely to slip towards \$2360 level (20-Day EMA) as long as it stays below immediate resistance of \$2400 level. A sustain break below \$2360 prices may move towards \$2340 level
- MCX Gold June prices is likely to slip further towards 72,300 level ( 20-Day EMA) as long as it stays below immediate resistance of 73,350 level. Strong resistance lies near 74,000 level.
- MCX Silver July is expected to follow gold and slip towards 92,000 level as long as it stays below 93,800 level

## Base Metal Outlook

- Copper prices are expected to trade with the negative bias amid strong dollar, risk aversion in the global markets and lack of strong physical demand. Further, recent FOMC meeting minutes showed policymakers fear that disinflation would likely take longer than previously though forcing Fed to delay rate cuts. Higher borrowing cost will hurt economic growth and dampen demand for industrial metal. Moreover, China's April refined copper output rose, dismissing concerns over major smelters 'plan to cut production in March
- MCX Copper is expected to slip further towards 880 level (20-Day EMA) as long as it stays below 906 level. On contrary, break above 906 prices may move up towards 917 level
- Aluminum is expected to move south towards 239 level (10-Day EMA) as long as it remains below 244 level. A break below 239 level prices may slid further towards 236 level (20-Day EMA).

## MCX Crude Oil vs. Natural Gas



## Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$75.50 levels amid strong dollar and rise in US crude oil inventories, casting doubt over demand in world's largest oil consumer. Furthermore, recent FOMC meeting minutes showed policymakers are concerned over higher inflation. Stalling disinflation may discourage Fed policymakers from backing sooner rate cuts. Meanwhile, market expects OPEC+ to extend its voluntary output cut through third quarter of this year when it meets on 1<sup>st</sup> June. NYMEX crude oil may slip further towards \$75.5 level as long as it stays below \$78 level (10-Day EMA)
- MCX Crude oil June is likely to slip towards 6300 levels as long as it trades below 6550 level
- MCX Natural gas is expected to rise towards 240 level as long as it stays above 230 level amid forecasts for hot temperatures later this week in Texas, the US Midwest, and the Northeast. Meanwhile, investors will remain cautious ahead of EIA Natural gas inventories

## Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	72299	72673	73349	73723	74399
Silver	91396	92205	93536	94345	95676
Copper	870.8	883.5	906.8	919.5	942.8
Aluminium	233.9	237.7	244.0	247.8	254.2
Zinc	266.3	269.0	273.4	276.2	280.6
Lead	191.8	192.6	194.1	195.0	196.5
Crude Oil	6412	6452	6495	6535	6578
Nat Gas	211	222	229	241	248

## Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	83.19	83.25	83.28	83.34	83.37
US\$INR (Jun)	83.27	83.32	83.36	83.40	83.44
EURINR (May)	90.07	90.15	90.28	90.36	90.50
EURINR (Jun)	90.23	90.30	90.42	90.48	90.60
GBPINR (May)	105.50	105.70	105.90	106.10	106.30
GBPINR (Jun)	105.55	105.68	105.78	105.91	106.00
JPYINR (May)	53.25	53.40	53.60	53.75	53.95
JPYINR (Jun)	53.89	53.97	54.04	54.11	54.18

# Key Parameters

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.93	104.66	0.26%
US\$INR	83.28	83.31	-0.04%
EURUSD	1.0823	1.0854	-0.29%
EURINR	90.32	90.58	-0.29%
GBPUSD	1.2717	1.2709	0.06%
GBPINR	106.00	105.99	0.00%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.037	7.079	-0.01
US	4.422	4.412	0.00
Germany	2.534	2.499	0.01
UK	4.232	4.130	0.02
Japan	1.009	0.980	0.03

## US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
5/22/2024	8:00 PM	1.8M	-2.4M
5/15/2024	8:00 PM	-2.5M	-0.4M
5/8/2024	8:00 PM	-1.4M	-1.0M
5/1/2024	8:00 PM	7.3M	-2.3M
4/25/2024	8:00 PM	-6.4M	1.6M
4/17/2024	8:00 PM	2.7M	1.6M
4/10/2024	8:00 PM	5.8M	0.9M

## LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	110250	2050	1.89%
Aluminium	1125175	32875	3.01%
Zinc	257625	-900	-0.35%
Lead	202550	-4350	-2.10%
Nickel	84090	2016	2.46%

# Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 20, 2024						
6:45 AM	China	1-y Loan Prime Rate	3.45%	4.80%	4.85%	High
6:45 AM	China	5-y Loan Prime Rate	3.95%	3.95%	3.95%	Medium
Tuesday, May 21, 2024						
1:30 PM	US	Treasury Sec Yellen Speaks	-	-	-	High
2:30 PM	Europe	Trade Balance	17.3B	19.9B	17.9B	Medium
10:30 PM	UK	BOE Gov Bailey Speaks	-	-	-	Medium
Wednesday, May 22, 2024						
11:30 AM	UK	CPI y/y	2.30%	2.10%	3.20%	High
7:30 PM	US	Existing Home Sales	4.14M	4.21M	4.19M	Medium
8:00 PM	US	Crude Oil Inventories	1.8M		(-2.5)M	Medium
11:30 PM	US	FOMC Meeting Minutes	-	-	-	High
Thursday, May 23, 2024						
1:00 PM	Europe	German Flash Manufacturing PMI	-	43.40	43.40	High
1:00 PM	Europe	German Flash Services PMI	-	51.8	51.3	High
1:30 PM	Europe	Flash Manufacturing PMI	-	46.2	45.7	Medium
2:00 PM	UK	Flash Manufacturing PMI	-			
2:00 PM	UK	Flash Services PMI	-			Medium
6:00 PM	US	Unemployment Claims	-	221k	222k	High
7:15 PM	US	Flash Manufacturing PMI	-	50	50	Medium
7:15 PM	US	Flash Services PMI	-	51.2	51.3	Medium
7:30 PM	US	New Home Sales	-	677k	693k	Medium
8:00 PM	US	Natural Gas Storage	-		70B	Medium
Friday, May 24, 2024						
11:30 AM	UK	Retail Sales m/m	-	-0.50%	0.00%	High
6:00 PM	US	Durable Goods Orders m/m	-		0.90%	High
7:30 PM	US	Revised UoM Consumer Sentiment	-		67.40%	Medium



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