

March 11, 2024

Weekly Commodity & Currency outlook

Recommendations in report

Currency/Commodi	Expiry	Actio	Entry	Targe	Stop	Time Frame
Crude Oil	April	Buy	6380-6400	6600	6280	1 week
USDINR	March	Sell	82.85-82.87	82.45	83.1	1 week

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

Crude Oil Strategy

Buy MCX Crude oil April Futures around 6380-6400 for target of 6600 with Stop Loss of 6280

Rationale: NYMEX crude oil is expected to hold the key support near \$75 and move higher towards \$80 amid tight supplies and softness in the dollar. Prices would get support amid increasing refinery activity in US and renewed hopes of interest rate cut by the Federal reserve in June. Further, decline in Russia's seaborne crude exports to the lowest level since January would support its gain. On the option front, higher put base at the \$75 level would act as major support for NYMEX crude. So, we expect NYMEX crude oil to consolidate in the broad band of \$75 and \$80 with positive bias. Only a move below \$75 would weaken the trend.

MCX Crude oil April is expected to move in the band of 6280 to 6600. Only close below 6280 the trend would turn bearish, else it is most likely to bounce back towards 6600.

USDINR Strategy

Sell NSE USDINR March Futures around 82.85-82.87 for target of 82.45 with Stop Loss of 83.10

Rationale: We expect Rupee to appreciate further towards 82.45 levels on weakness in dollar & softening of US treasury yields. US Dollar and Yields are likely to move south as mixed data from US kept an anticipated June interest rate cut from the Fed on the table. Moreover, US CPI data is likely to show that inflation continued to ebb, giving Fed more incentive to cut interest rates soon. US Core-CPI which excludes energy and food is likely to edge lower to 3.7% in February from a year earlier, ebbing from 3.9% in January. Additionally, Inflation in India is forecasted to ease and remain under RBI comfort zone. USDINR March is likely to face hurdle near 83.10 level and slip towards 82.45 level

Strategy Follow-up						
Currency/Commodity Pair	Contract	Action	Price	Target	Stoploss	Comment
Crude Oil	March	Buy	6550-6560	6850	6400	Exit in Loss
EURINR	March	Buy	89.85-89.90	90.70	89.40	Not Initiated

Note: The given recommendation in this report is for week and should not be linked with view & recommendations given in Intraday and Daily, Monthly and Positional currency Derivatives report, as they may have different view

Bullion: Gold likely to rise towards ₹ 67,000

- Gold prices hit record high last week and settled above \$2170 for the first time amid weaker US dollar and decline in treasury yields. Gold rallied after the mixed set of US job data raised the bets of June rate cut. Last month US added more than expected jobs, but downward revision in December and January job numbers signaled moderation in the job market.
- US February unemployment rate rose to highest level in 2 year to 3.9% and average hourly earning numbers growth marked the slowest pace last month at 0.1%. Additionally, escalating tension in the Mideast and Ukraine also supported the precious metals to trade higher.

Gold Outlook

Gold prices are expected to hold support near \$2145 and move towards \$2220, on expectation of correction in dollar and US treasury yields. US dollar and yields are likely to trade lower as mixed set of economic numbers from US lifted the rate cut hopes in June 2024. The CME Fed-watch tool indicates more than 57% probability of 25 bps rate cut in June. Further, expectation of moderation in US inflation numbers would push the Federal Reserve to go after first interest rate cut in June. Moreover, escalating geopolitical tension in the Mideast and Ukraine would bring safe haven buying interest in the metal. Additionally, rise in speculative net positions to its highest in last two months would support the bulls to take control.

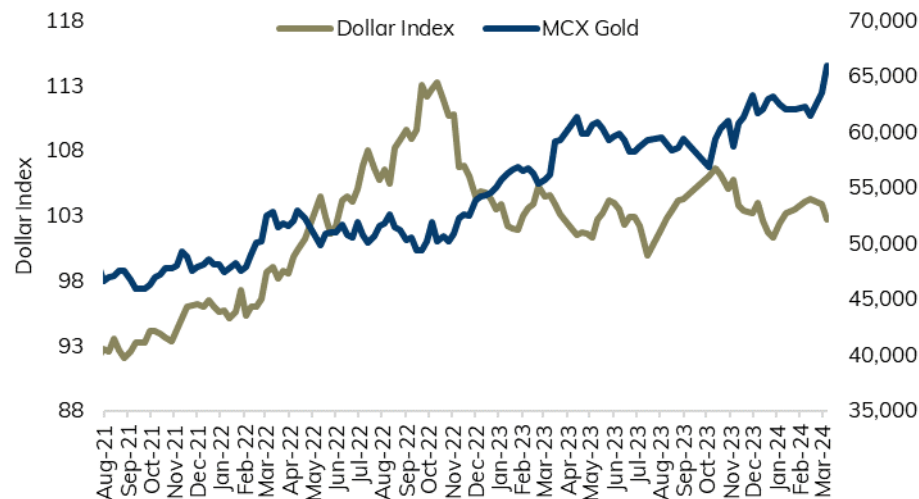
MCX Gold April expected to find support near 65,100 and move towards 66,600. Only a move above 66,600 would extend its rally towards 67,000.

Silver Outlook

MCX Silver May is likely to hold the support of 20 day EMA at 72,800 and extend its rally towards 76,200 level.

Source: Bloomberg, Reuters, ICICI Direct Research

Gold vs. Dollar Index



Pivot Levels

Commodity	Expiry	LTP	S2	S1	Pivot	R1	R2
GOLD	Apr-24	66023	62305	64164	65260	67119	68215
SILVER	May-24	74262	70733	72497	73670	75434	76607
CRUDE OIL	Mar-24	6440	6279	6360	6492	6573	6705
NATURAL GAS	Mar-24	151.7	135.2	143.4	154.5	162.7	173.8
COPPER	Mar-24	731.6	717.0	724.3	733.0	740.3	748.9
ZINC	Mar-24	221.1	209.2	215.1	219.2	225.2	229.3
LEAD	Mar-24	180.5	175.5	178.0	180.0	182.5	184.5
ALUMINIUM	Mar-24	202.6	199.1	200.8	202.7	204.5	206.4

Base metals: Copper to rise towards 740 levels

- Copper prices hit its highest level in last five weeks amid weakness in the dollar and increased demand from China. Moderation in job growth numbers in US has signaled the prospects of interest rate cut in June and supported prices to trade higher.
- Prices also get support after China's trade balance data showed a rise in unwrought copper imports during first two months of 2024. Moreover, decline in LME inventories also supported the rise in the red metal
- Meanwhile, gains were restricted amid sluggish growth in the housing sector and lack of significant stimulus from China.

Copper Outlook

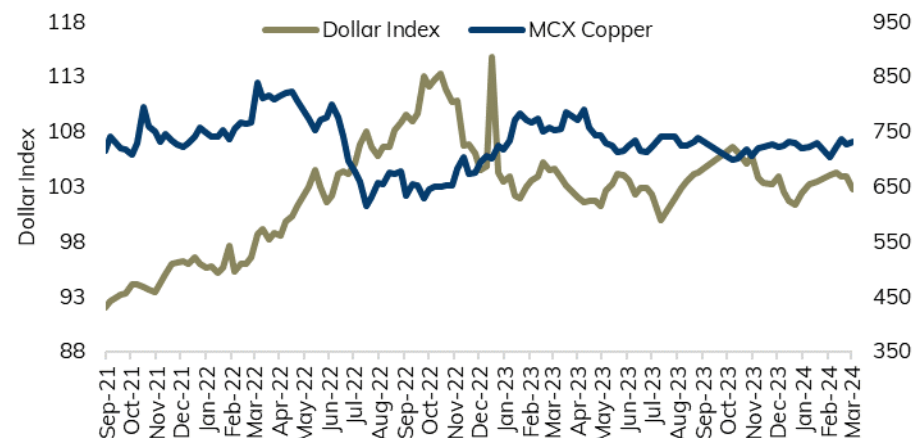
Copper prices are likely to hold its gains amid tighter physical market and softness in the dollar. Increasing prospects of interest rate cut in June would strengthen prices. Additionally, depleting LME inventories coupled with rise in cancelled warrants would also lend a supporting hand to the metal. On the other hand forecast of sluggish growth in new loans and new home prices in China would limit any major upside in the base metals. Meanwhile, focus will remain on key economic numbers from US which would bring more clarity on price direction.

MCX Copper March is expected to hold the support near 720 and move higher towards the key resistance near 740. Only a move above 740 it would test 748 mark.

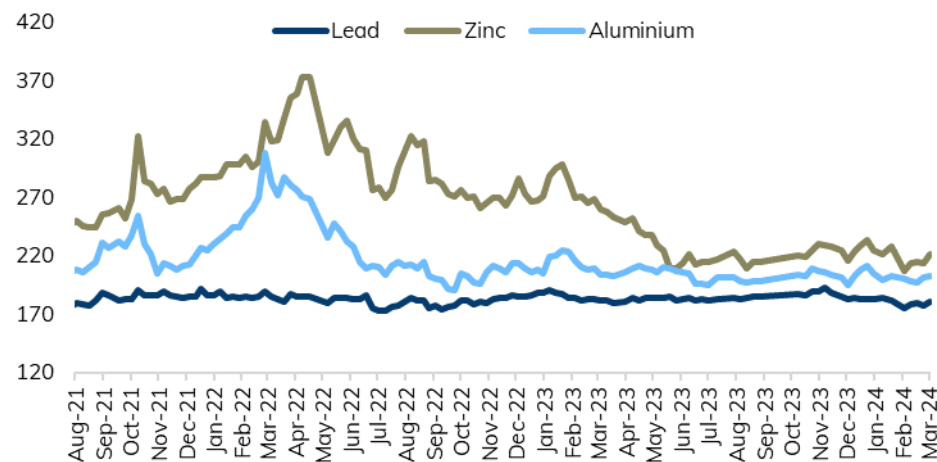
Aluminium Outlook

MCX Aluminium March is expected to find support near 199 and move higher towards 206. Above 206 it would open the doors towards 209.

Copper vs. Dollar Index



MCX Base Metals



Energy: Crude oil likely to find the floor near ₹ 6280

- NYMEX Crude oil prices retreated from its four months highs last week as demand-side uncertainties overshadowed the extended supply cuts from OPEC+. Concerns about lagging demand from China, after its oil imports fell approximately 5.7% to 10.8 million barrels per day in the first two months of the year, compared to 11.4 million bpd in December has weighed on the NYMEX oil to slip towards \$78.
- Meanwhile, surprise hike in official selling price of Arab Light crude for Asian buyers provided some cushion to oil prices. Along with that persistent geopolitical concerns in Mideast and Ukraine also limited its downside.

Crude oil Outlook

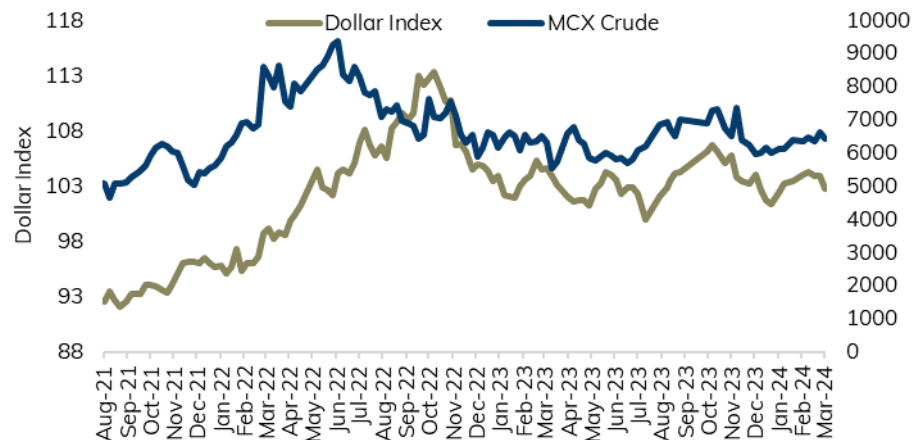
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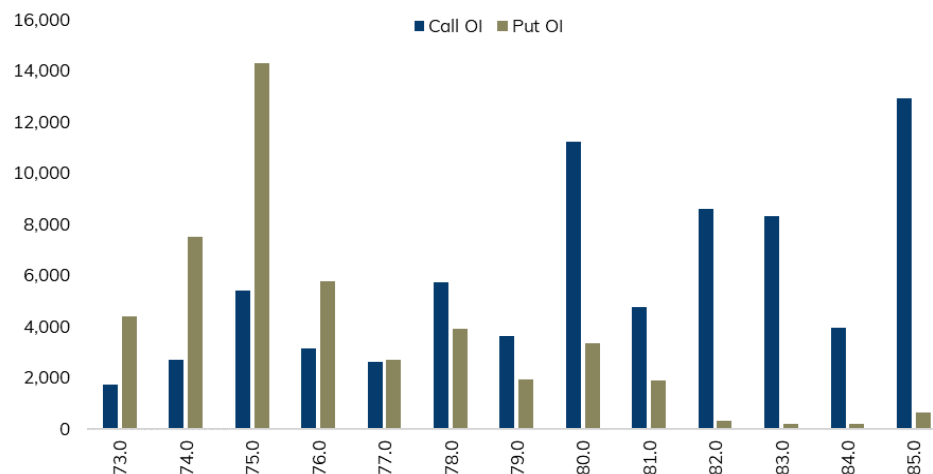
Natural gas Outlook

NYMEX natural gas is expected to hold the support near \$1.50mmbtu and move towards \$2.20mmbtu amid hopes of production cut from major producers in US. Meanwhile, higher inventory levels and mild winter would restrict its upside. MCX Natural gas March is expected to consolidate in the band of 140 to 165.

Crude Oil vs. Dollar Index



Nymex Crude Oil Options OI



Rupee: likely to appreciate further till 82.45 level

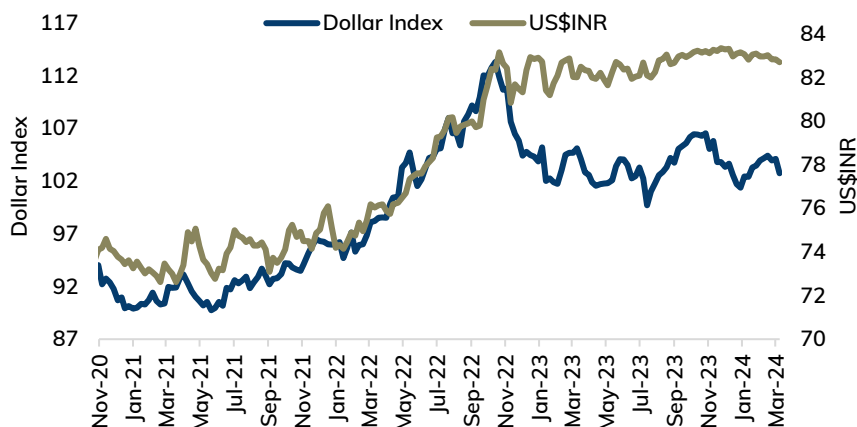
Currency Futures

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Mar)	82.68	-0.32%	2641568	16377	1463906	-262452
EURINR (26th Mar)	90.15	0.40%	116066	2016	90710	-94118
GBPINR (26th Mar)	105.46	0.60%	232712	13940	189238	-18787

Pivot Levels

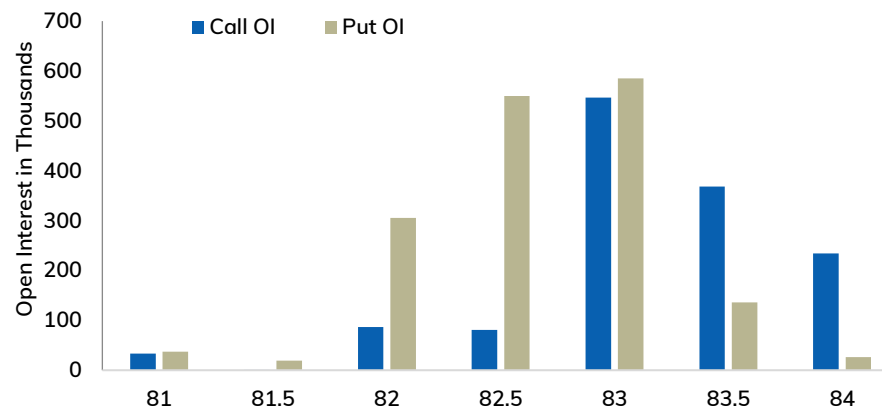
Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.93	82.99	83.07	83.13	83.21
US\$INR (Apr)	83.02	83.07	83.15	83.20	83.29
EURINR (Mar)	88.56	88.98	89.38	89.80	90.20
EURINR (Apr)	88.77	89.16	89.55	89.94	90.33
GBPINR (Mar)	103.59	104.04	104.65	105.09	105.70
GBPINR (Apr)	103.68	104.14	104.73	105.19	105.78
JPYINR (Mar)	54.90	55.14	55.54	55.79	56.18
JPYINR (Apr)	55.28	55.52	55.90	56.14	56.52

Dollar Index vs. US\$INR Chart



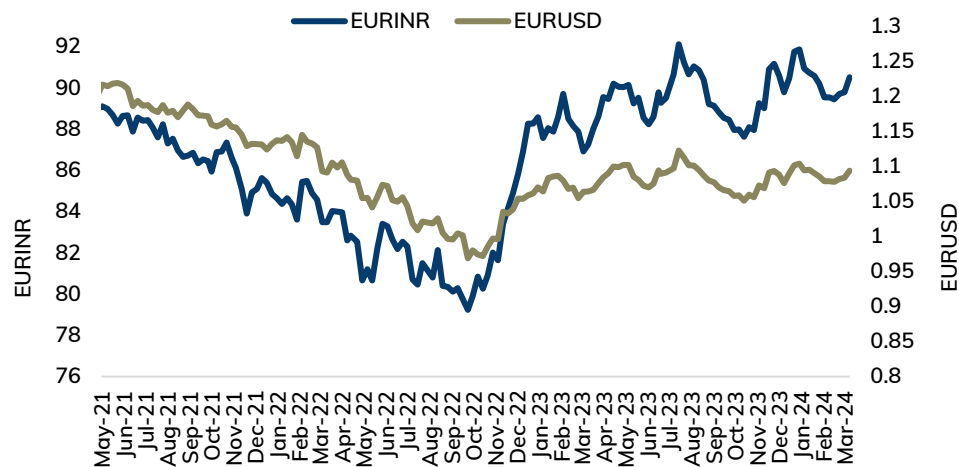
- Rupee appreciated in the previous week amid weakness in dollar and decline in US treasury yields. Further, rupee gained strength on rise in risk appetite in the domestic markets. Additionally, Bloomberg Index Services announced inclusion of Indian government bond in its EM local currency government index and related indices from January 2025
- We expect Rupee to appreciate further towards 82.45 levels on weakness in dollar & softening of US treasury yields. US Dollar and Yields are likely to move south as mixed data from US kept an anticipated June interest rate cut from the Fed on the table. Moreover, US CPI data is likely to show that inflation continued to ebb, giving Fed more incentive to cut interest rates soon. US Core-CPI which excludes energy and food is likely to edge lower to 3.7% in February from a year earlier, ebbing from 3.9% in January. Additionally, Inflation in India is forecasted to ease further and remain under RBI comfort zone. We expect USDINR to face hurdle near 83.02 level and slip towards 82.45 level.

US\$INR Monthly options build-up (March 26th, 2024)

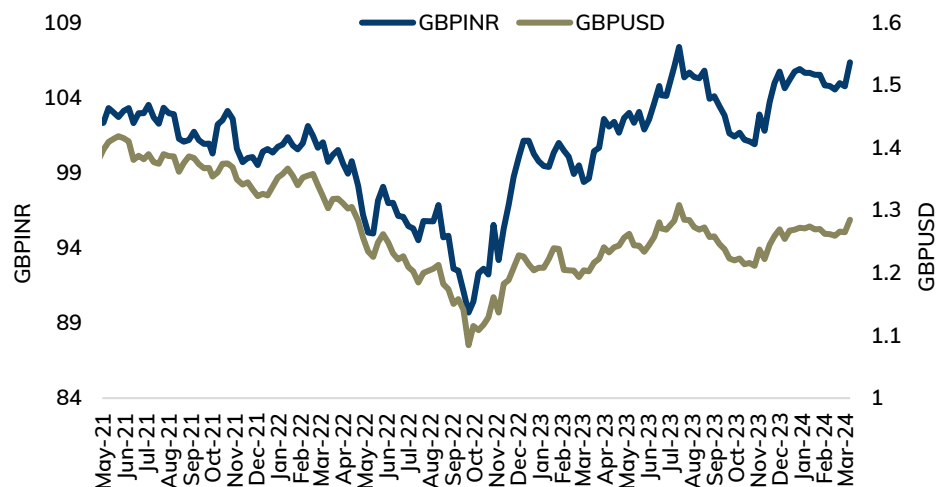


EURINR: Likely to rise towards 91.40 levels

EURUS\$ vs. EURINR



GBPUS\$ vs. GBPINR



- Euro ended on the positive note in the previous week amid weakness in dollar and rise in risk appetite in the global markets. Further, European Central Bank left interest rates unchanged as expected in its recent policy meeting. However, upsides were capped after ECB recognized that inflation is easing faster than once assumed, possibly opening the way for rate cuts later this year
- Euro is expected to hold the support near 1.0870 level and rise further towards 1.1010 level buoyed by further correction in dollar and optimistic global market sentiments. Furthermore, hawkish statements from ECB policymakers would continue to support single currency. Meanwhile, expectation of weak economic data from euro zone would cap sharp upside in euro. EURINR March is expected to move north to 91.40 level as long as it trades above 90.00 level.
- Pound edged higher in the previous week majorly on the back of weakness in dollar and rise in risk appetite in the global markets. Further, sterling moved up as Finance Minister Jeremy Hunt offered no surprises in his statement, budget was much in line with market expectations
- Pound is likely to rise further towards 1.2950 levels amid weakness in dollar and optimistic global market sentiments. Market sentiments may improve further on signs that the European Central Bank ECB and the US Federal Reserve might be closer to cutting interest rates. Moreover, expectation of improved economic data from Britain and hawkish comments from BOE policymakers will support sterling. Further, pound may move up on assumption that BOE will move later than US Fed and ECB in cutting rates. GBPINR March is likely to rise towards 106.70 level, as long as it trades above 105.20.

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, March 11, 2024						
10:30 PM	UK	MPC Member Mann Speaks	-	-	-	Medium
Tuesday, March 12, 2024						
12:30 PM	UK	Claimant Count Change	-	20.3K	14.1K	High
12:30 PM	UK	Average Earnings Index 3m/y	-	5.70%	5.80%	High
5:30 PM	India	CPI y/y	-	5.02%	5.10%	High
6:00 PM	US	CPI y/y	-	3.10%	3.10%	High
Wednesday, March 13, 2024						
12:30 PM	UK	GDP m/m	-	0.20%	-0.10%	High
3:30 PM	Europe	Industrial Production m/m	-	-1.40%	2.60%	Medium
8:00 PM	US	Crude Oil Inventories	-	-	1.4M	Medium
Thursday, March 14, 2024						
6:00 PM	US	PPI m/m	-	0.30%	0.30%	High
6:00 PM	US	Retail Sales m/m	-	0.80%	-0.80%	High
6:00 PM	US	Unemployment Claims	-	218K	217K	High
8:00 PM	US	Natural Gas Storage	-	-	-40B	Medium
Friday, March 15, 2024						
3:30 PM	India	Trade Balance	-	-	-17.49B	Medium
6:00 PM	US	Empire State Manufacturing Index	-	-7.6	-2.4	High
6:45 PM	US	Industrial Production m/m	-	0.00%	-0.10%	Medium
7:30 PM	US	Prelim UoM Consumer Sentiment	-	77.3	76.9	High
7:30 PM	US	Prelim UoM Inflation Expectations	-	-	3%	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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