

May 27, 2024

Weekly Commodity Outlook

Recommendations in report

Currency/Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold Mini	July	Sell	72200-72250	71000	73000	1 week

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Gold Mini Strategy

Sell MCX Gold Mini July Futures around 72,200-72,250 for target of 71,000 with Stop Loss of 73,000

Rationale: Gold prices expected to correct further amid firm dollar and rise in US treasury yields. Further, recent batch of economic data signaled resilience in the economic activity, reinforcing expectations that US Federal Reserve would delay its first rate cut from September. Also, expectations of 2 rate cuts during the year are getting faded. Meanwhile, investors will remain cautious ahead of core PCE price index, preferred inflation gauge for US Fed to get fresh cues on rate trajectory.

Spot gold prices is likely to slip further towards \$2300 levels in near term. MCX Gold August is expected to slip towards 70,600 level while immediate resistance can be seen near 73050 level

Strategy Follow-up

Currency/Commodity Pair	Contract	Action	Price	Target	Stoploss	Comment
Gold Mini	June	Buy	73550-73600	74750	72900	Stop loss Triggered

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 dip further towards ₹ 70,600

- Spot gold prices slipped by more than 3% last week after hitting all time high of \$2450 an ounce amid profit booking, recovery in dollar and rise in US treasury yields. Dollar and Yields moved north as several policymakers showed concerns over inflation and were cautious on cutting rates too soon.
- Further, FOMC 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 surges.
- Additionally, upbeat economic data from US reinforced expectations that US Fed would delay its first rate cut this year

Gold Outlook

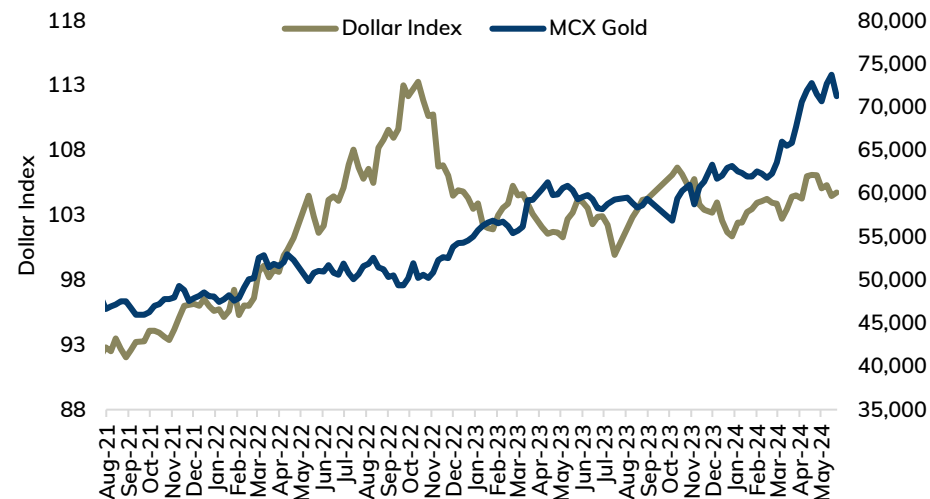
Gold prices expected to correct further amid firm dollar and rise in US treasury yields. Further, recent batch of economic data signaled resilience in the economic activity, reinforcing expectations that US Federal Reserve would delay its first rate cut from September. Also, expectations of 2 rate cuts during the year are getting faded. Meanwhile, investors will remain cautious ahead of core PCE price index, preferred inflation gauge for US Fed to get fresh cues on rate trajectory.

Spot gold prices is likely to face stiff resistance \$2380 amid fresh call writing. Additionally, unwinding of put base indicated more downside in gold prices towards the next put base at \$2300. MCX Gold August has also formed a bearish engulfing pattern which indicates correction in prices. So for this week, we expect prices to move towards 70,600 level while immediate resistance can be seen near 73050 level.

Silver Outlook

MCX Silver July is likely to follow gold and move south towards 88,500 level as long as it stays below 94,000 level.

Gold vs. Dollar Index



Pivot Levels

Commodity	Expiry	LTP	S2	S1	Pivot	R1	R2
GOLD	Aug-24	71530	69280	70405	72591	73716	75902
SILVER	Jul-24	90510	86537	88523	92237	94223	97937
CRUDE OIL	Jun-24	6469	6136	6302	6512	6678	6888
NATURAL GAS	Jun-24	234.2	212.1	223.1	243.3	254.3	274.5
COPPER	Jun-24	883.9	837.4	860.6	903.3	926.5	969.2
ZINC	Jun-24	274.6	260.6	267.6	273.7	280.7	286.8
LEAD	Jun-24	189.4	183.9	186.6	191.4	194.1	198.8
ALUMINIUM	Jun-24	241.5	228.2	234.9	243.5	250.1	258.7

Base metals : Copper to face stiff resistance near 917

- Copper prices corrected sharply by more than 5% in the previous week after hitting record highs amid profit booking. Further, prices slipped on firm dollar, rise in copper inventories at LME registered warehouses and lack of robust physical demand in China
- Additionally, weekly data from the Shanghai Futures Exchange (ShFE) showed that Copper weekly stocks rose by 9,944 tonnes to 300,964 tonnes, a seasonal record high.

Copper Outlook

Copper prices have hit brakes on upward trend and is likely to continue to remain under pressure. Copper prices are expected to correct further amid strong dollar, risk aversion in the global markets and soft physical demand in China. Furthermore, better than expected economic data from major counties led to the speculation that interest rates would remain higher for longer. Investors fear that higher borrowing cost for longer duration would hurt economic growth and dampen industrial metal demand.

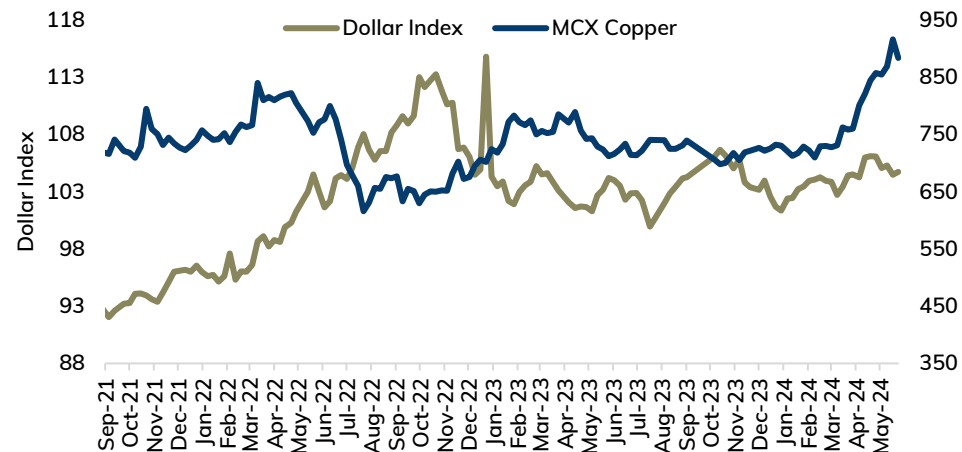
LME copper prices expected to slip further towards \$10,000 level as long as it stays below \$10,800 level. A break below \$10,000 level would open doors for \$9740 level (50-Day EMA)

MCX Copper June is expected remain under pressure and may move towards 860 levels. Intermediate support may be experienced at 20 day EMA at 878 while major hurdle is likely to be see near 917 levels.

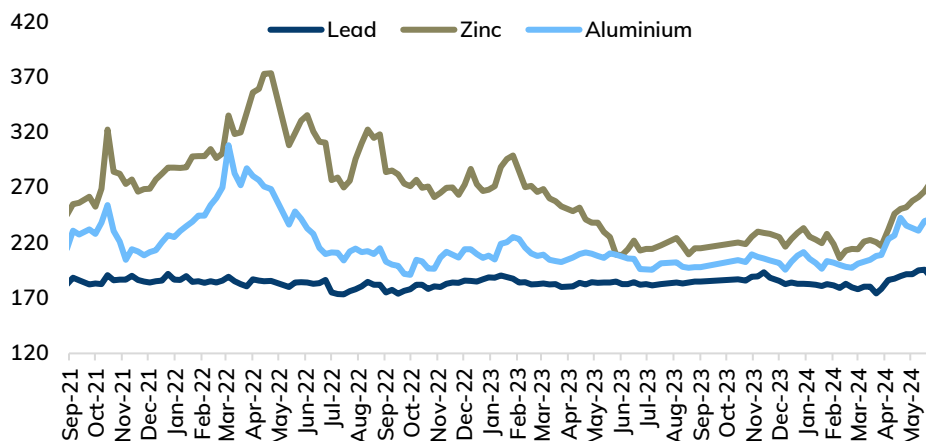
Aluminium Outlook

MCX Aluminum June prices likely to rise back towards 250 level as long as it stays above 238 level buoyed by a price rally in key raw material alumina

Copper vs. Dollar Index



MCX Base Metals



Energy: Crude oil likely to find support near ₹ 6300 level

- Nymex Crude oil price ended on the negative note in the previous week losing more than 2% amid strong dollar and risk aversion in the global markets.
- Further, US will sell the nearly 1 million barrels of gasoline in a reserve in northeastern states to lower prices ahead of summer driving season. Moreover, 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.
- Furthermore, US Federal Reserve officials said they were awaiting more signs that inflation was declining before cutting interest rates

Crude oil Outlook

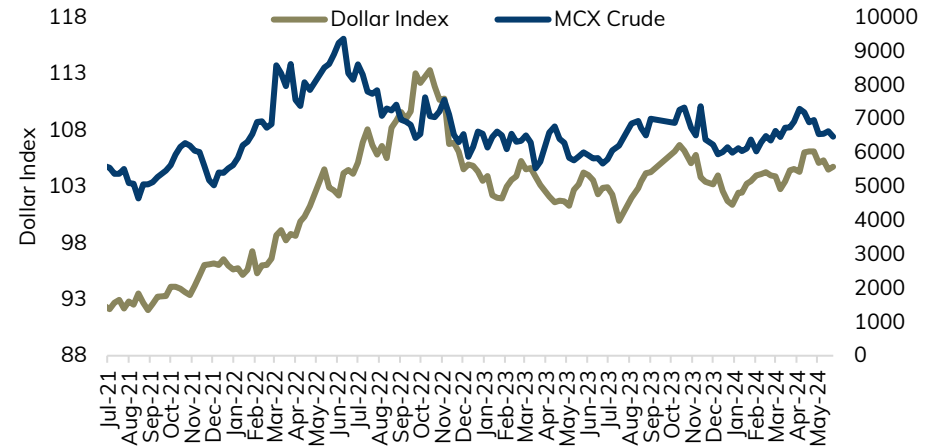
NYMEX crude oil is expected to rise back towards \$80 level as market awaits OPEC+ meeting scheduled on June 2 as producers are expected to discuss whether to extend voluntary output cuts of 2.2mbpd into the second half of the year. Additionally, prices may move up on expectation that demand is set to pick up with the travel-heavy summer season. Moreover, on the put side, the \$75 strike holds maximum open interest, followed by \$73 and \$74. while, on the call side maximum open interest is observed at \$80 strike followed by \$82. Thus, we expect, NYMEX crude oil prices to hold the support at \$75 and move back towards \$80 level.

MCX Crude oil is expected rise further towards 6700 level (200-Day EMA) as long as it stays above 6300 level. On contrary, a break below 6300 level prices may slide further towards 6100 levels

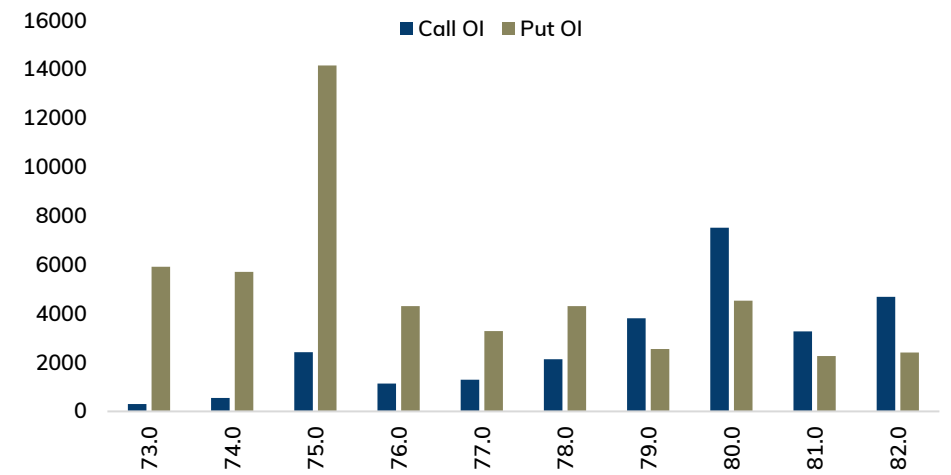
Natural gas Outlook

MCX natural gas June future is expected slip further towards 214 level as long as stays below 240 level

Crude Oil vs. Dollar Index



Nymex Crude Oil Options OI



Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, May 27, 2024						
1:30 PM	Europe	German ifo Business Climate	-	90.40	89.40	Medium
All Day	US	Bank Holiday	-	-	-	
Tuesday, May 28, 2024						
6:30 PM	US	S&P/CS Composite-20 HPI y/y	-	7.30%	7.30%	Medium
7:30 PM	US	CB Consumer Confidence	-	96.10	97.00	Medium
Wednesday, May 29, 2024						
11:30 AM	Europe	German Prelim CPI m/m	-	0.20%	0.50%	High
7:30 PM	US	Richmond Manufacturing Index	-	-2.00	-7.00	Medium
11:30 PM	US	Beige Book	-	-	-	Medium
Thursday, May 30, 2024						
2:30 PM	Europe	Unemployment Rate	-	6.50%	6.50%	Medium
6:00 PM	US	Prelim GDP q/q	-	1.30%	1.60%	High
6:00 PM	US	Prelim GDP Price Index q/q	-	3.10%	3.10%	Medium
6:00 PM	US	Goods Trade Balance	-	(-91.8)B	(-91.8)B	Medium
7:30 PM	US	Pending Home Sales m/m	-	0.10%	3.40%	High
8:00 PM	US	Natural Gas Storage	-	-	78B	Medium
8:30 PM	US	Crude Oil Inventories	-	(-2.0)M	1.8M	Medium
Friday, May 31, 2024						
7:00 AM	China	Manufacturing PMI	-	50.40	50.40	High
7:00 AM	China	Non-Manufacturing PMI	-	51.50	51.20	Medium
11:30 AM	Europe	German Retail Sales m/m	-	-0.2%	1.8%	Medium
2:30 PM	Europe	CPI Flash Estimate y/y	-	2.50%	2.40%	Medium
5:30 PM	India	GDP Growth Rate	-	6.7%	8.4%	High
6:00 PM	US	Core PCE Price Index m/m	-	0.20%	0.30%	High
7:15 PM	US	Chicago PMI	-	40.8	37.9	Medium



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