

May 24, 2022

Daily Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Natural Gas	June	Buy	675-675.50	690	665	Intraday
Buldex	June	Buy	14470-14480	14630	14370	Intraday

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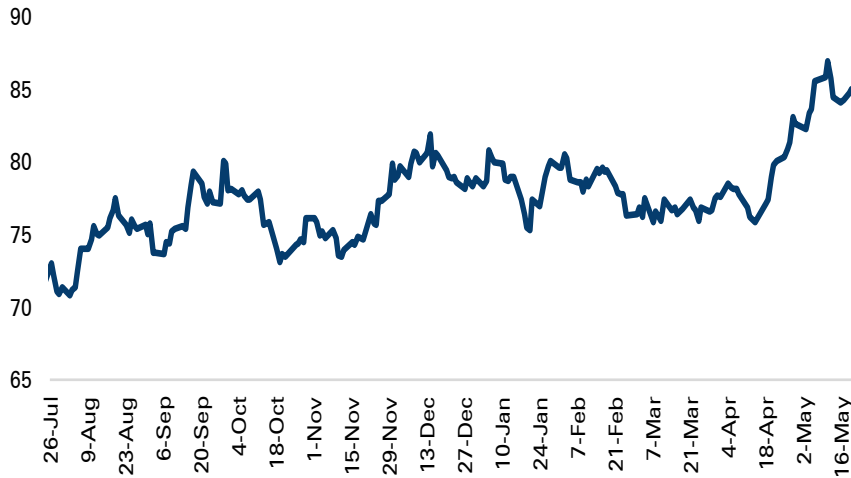
Bullion Futures

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	50931	0.20%	1855.49	0.73%
Silver	61365	-0.07%	21.82	0.69%
MCXBULLDEX	14480	0.24%	-	-

MCX Pivot levels

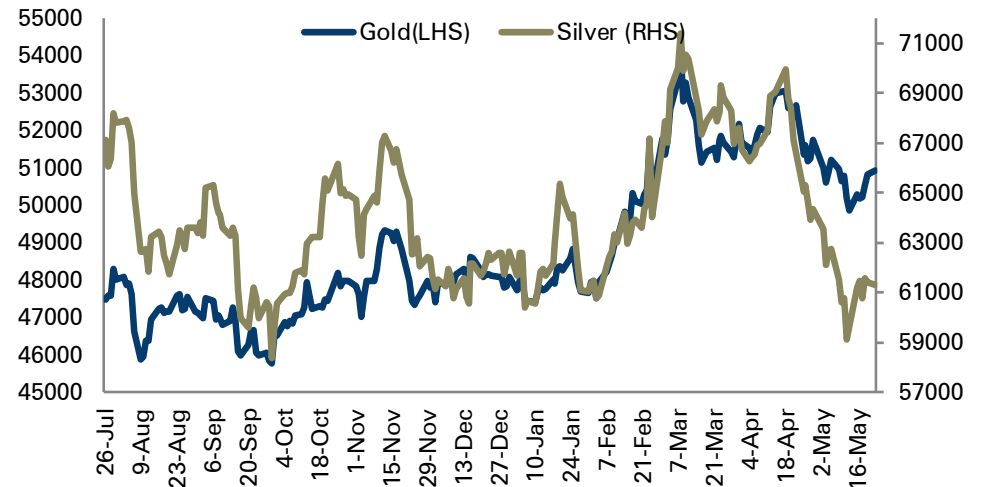
Commodity	S2	S1	Pivot	R1	R2
Gold	50617	50774	50965	51122	51313
Silver	60412	60888	61581	62057	62750
MCXBULLDEX	14333	14406	14503	14576	14673

Gold/Silver Ratio



- Comex gold prices surged around 0.70% on Monday amid a weakness in US dollar index
- Further, total holdings at SPDR Gold ETF have increased to 1063 tonnes from 1053 tonnes over the last one week, indicating significant investment demand rebounded to safe haven assets amid worries over slowdown in global economic growth
- However, a sharp rise in US 10 year bond yields and positive sentiments in global markets restricted further upsides in bullion prices
- MCX gold prices are expected to rally further towards ₹ 51,250 for the day due to soaring inflation. Silver prices are expected to take cues from gold prices and move towards ₹ 62,300 levels for the day. Additionally, market participants will keep an eye on series of macroeconomic data from the US

MCX Gold vs Silver Performance



Metal Futures

Commodity	LTP (₹)	Change	LTP (\$)	Change
Copper	782.75	1.45%	9515.00	0.99%
Nickel	2140.00	-1.87%	27502.50	-1.18%
Zinc	325.80	2.07%	3782.50	2.04%
Lead	185.90	0.92%	2160.00	4.70%
Aluminium	247.30	-0.44%	2951.00	-0.44%

MCX Pivot levels

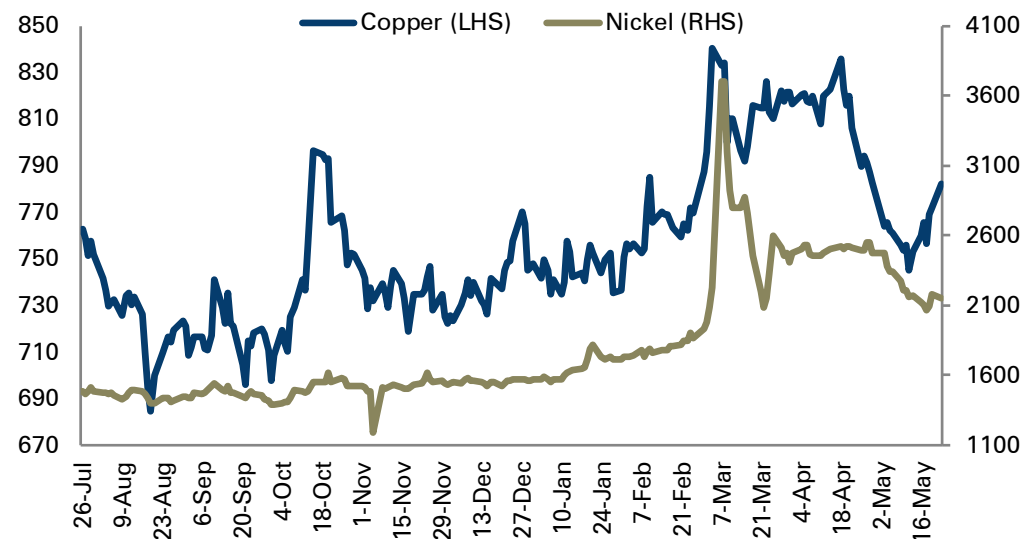
Commodity	S2	S1	Pivot	R1	R2
Copper	765.3	774.0	778.8	787.5	792.2
Nickel	2116.7	2128.3	2151.7	2163.3	2186.7
Zinc	315.6	320.7	324.2	329.3	332.8
Lead	182.9	184.4	185.6	187.1	188.3
Aluminium	243.4	245.4	247.8	249.8	252.2

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	171075	-3525	-2.02
Nickel	71992	94	0.13
Zinc	86000	-625	-0.72
Lead	38850	0	0.00
Aluminium	497250	-7025	-1.39

- LME copper prices advanced almost 1.0% on Monday amid worries over supply disruptions from Peru's copper mine and on sharp decline in dollar index
- Peruvian government officials failed in negotiations with local people to unblock a key road used by MMG Las Bambas copper plant, which provided support to copper prices on the lower side
- Moreover, copper prices have been supported by a continuous decline in LME copper stockpiles in the last couple of trading sessions
- MCX copper prices are expected to trade with a positive bias primarily due to easy monetary policy support from China. It is trading above the daily mean levels of ₹ 766. As long as it sustains above this level, it is likely to retest mean +2 sigma levels of ₹ 792 in the coming days. Additionally, investors will remain cautious ahead of manufacturing PMI and new home sales data from the US

MCX Copper vs. Nickel Performance



Energy Futures

Commodity	LTP (₹)	Change	LTP (\$)	Change
WTI Crude Oil	8537	-0.94%	110.19	-0.08%
US Nat Gas	669.0	5.72%	8.83	8.02%
MCXENRGDEX	10497	1.67%	-	-

MCX Pivot levels

Commodity	S2	S1	Pivot	R1	R2
WTI Crude Oil	8369	8453	8571	8655	8773
US Nat Gas	588.4	628.7	649.7	690.0	711.0
MCXENRGDEX	10049	10273	10402	10626	10754

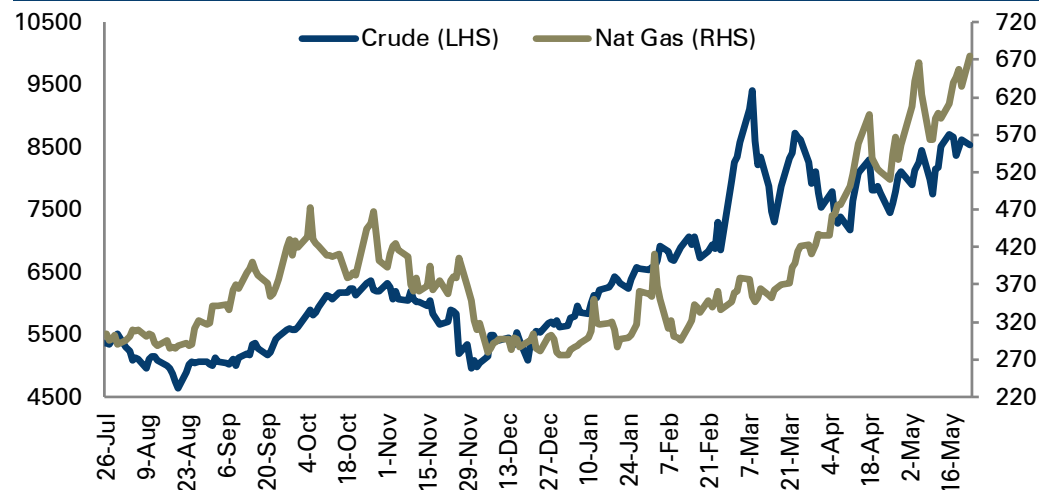
US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
19-05-2022	8:00 PM	-3.394M	1.383M
11-05-2022	8:00 PM	8.487M	-0.457M
04-05-2022	8:00 PM	1.302M	-0.829M
28-04-2022	8:00 PM	0.692M	2.000M
20-04-2022	8:00 PM	-8.020M	2.471M
13-04-2022	8:00 PM	9.382M	0.863M

The Energy Information Administration's (EIA) Crude Oil Inventories measures the weekly change in the number of barrels of commercial crude oil held by US firms.

- MCX crude oil prices retreated around 1.0% after reports that the Biden administration in the US considered a plan to release oil from reserves to address a major supply crunch
- At the same time, concerns over a slowdown in global economic outlook weighed on oil prices
- US natural gas futures rose more than 8.0% after Russia halted gas supplies to Finland on Saturday for rejecting its demand for payment in roubles
- Additionally, the average amount of gas flowing to US LNG export plants has risen to 12.4 bcf/d so far in May from 12.2 bcf/d in April, which has supported gas prices on the lower side
- MCX natural gas prices are expected to head towards ₹ 690 levels for the day due to rising cooling demand from the US

MCX Crude Oil vs. Natural Gas Performance



Economic Calendar



TIME (IST)	COUNTRY	DATA & EVENTS	FORECAST	PREVIOUS
9:15 AM	US	Manufacturing PMI (May)	57.50	59.20
7:15 PM	US	Services PMI (May)	55.20	55.60
7:30 PM	US	New Home Sales (Apr)	750K	763K

Commodities Outlook

ICICI Securities – Retail Research

Source: Bloomberg, Reuters, ICICI Direct Research

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Source: Bloomberg, Reuters, ICICI Direct Research

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