

March 1, 2021

Daily Commodities Outlook

Daily Recommendations						
Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	Mar	Sell	708-709	700	714	Intraday
Zinc	Mar	Sell	222-222.50	219	224.50	Intraday

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Recent Developments

- Gold tumbled 3% to an eight-month low on Friday en route to its worst month since November 2016 as a stronger dollar and elevated US Treasury yields hammered non-yielding bullion's appeal
- US Treasury yields have risen more than 50 basis points so far this year, eroding gold's status as an inflation hedge since that translates into higher opportunity costs to hold bullion
- Other metals were also caught in gold's slipstream, with silver shedding 3.9%, poised for its first monthly decline in three
- Oil prices fell on Friday as the US dollar rose while forecasts called for crude supply to rise in response to prices climbing above pre-pandemic levels
- However, Brent rose 4.8% and WTI ended up 3.8% on the week, with both about 20% higher during the month on supply disruptions in the US and optimism over demand recovery on the back of Covid-19 vaccination programmes
- Investors are betting this week's meeting of the Organization of Petroleum Exporting Countries (Opec) and allies, a group known as Opec+, will result in more supply returning to the market
- Copper retreated on Friday after touching successive multi-year peaks, falling more than 3% as risk-off sentiment hit wider financial markets after a spike in bond yields

Global Price Performance

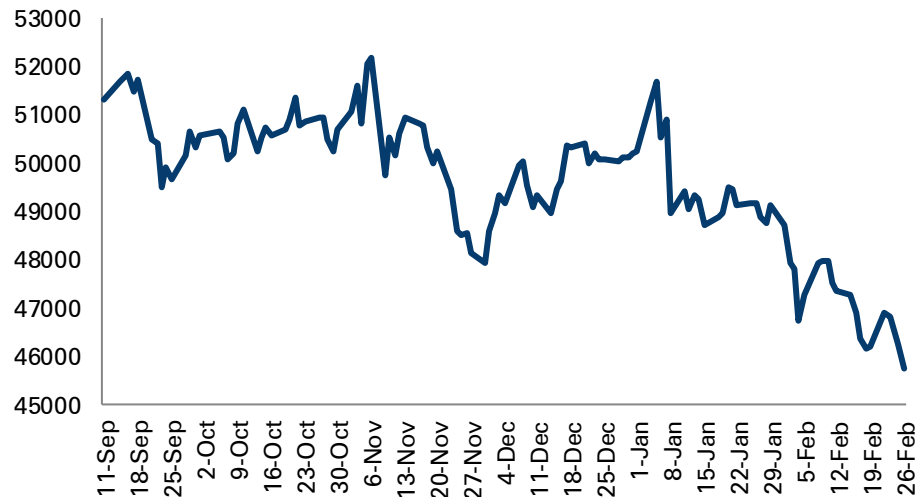
Exchange	Commodity	LTP (\$)	Change	% Change
COMEX	GOLD	1732.45	-42.95	-2.42%
COMEX	SILVER	26.67	-0.97	-3.51%
NYMEX	CRUDE OIL	61.62	-1.91	-3.01%
NYMEX	NATURAL GAS	2.77	0.00	-0.14%
LME	COPPER	8993.00	-359.50	-3.84%
LME	NICKEL	18562.50	-330.00	-1.75%
LME	LEAD	2068.50	-77.25	-3.60%
LME	ZINC	2785.00	-80.25	-2.80%

MCX Price Performance

Commodity	Expiry	LTP (₹)	Change	% Change
GOLD	Apr-21	45767	-474.00	-1.03%
SILVER	Mar-21	67475	-1801.00	-2.60%
CRUDE OIL	Mar-21	4603	-19.00	-0.41%
NATURAL GAS	Mar-21	205.70	2.00	0.98%
COPPER	Mar-21	703.50	-16.85	-2.34%
NICKEL	Mar-21	1369.00	-6.70	-0.49%
LEAD	Mar-21	169.60	-3.70	-2.14%
ZINC	Mar-21	220.35	-5.35	-2.37%

Source: Bloomberg, Reuters, ICICI Direct Research

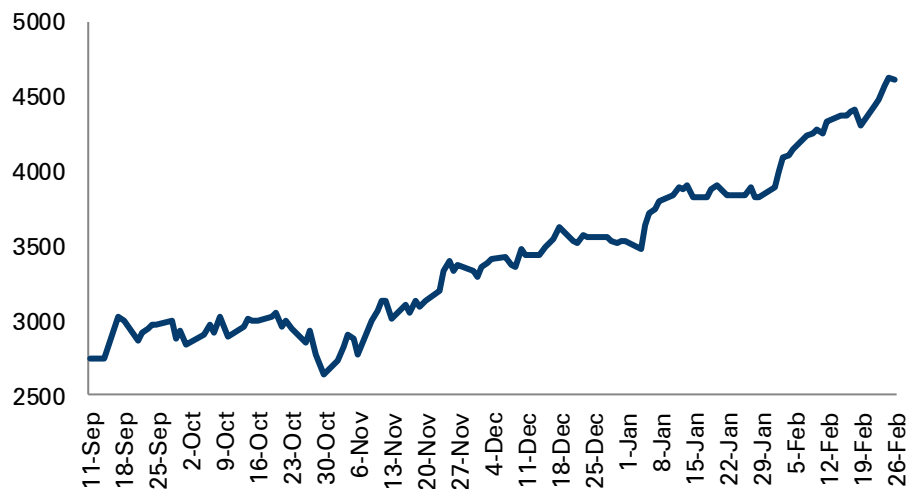
MCX Gold Daily Chart



Bullion Outlook

- Gold prices started Friday's trade on a weak note and recovered gradually during the first half of the session till a high of ₹ 46689. However, prices did not sustain at higher levels and fell sharply in the remaining session till a fresh eight month low of ₹ 45611
- Prices have been falling gradually in the last few weeks as brighter economic outlook and inflation fears propped up US Treasury yields, eroding bullion's safe haven status
- Therefore, we expect gold prices to remain weak towards ₹ 45200 level in the short-term

MCX Crude Oil Daily Chart



Energy Outlook

- Crude oil prices opened slightly higher on Friday and rose further in the first half of the session till a fresh 1.5 year high of ₹ 4674. However, prices did not sustain at higher levels and corrected gradually in the remaining session till a low of ₹ 4586
- Prices corrected slightly in the last session as US government bond yields held near one-year highs and the dollar rally made the dollar-priced oil more expensive for holders of other currencies
- Hence, we expect crude prices to correct from current levels towards ₹ 4500 in the short term

Source: Bloomberg, Reuters, ICICI Direct Research

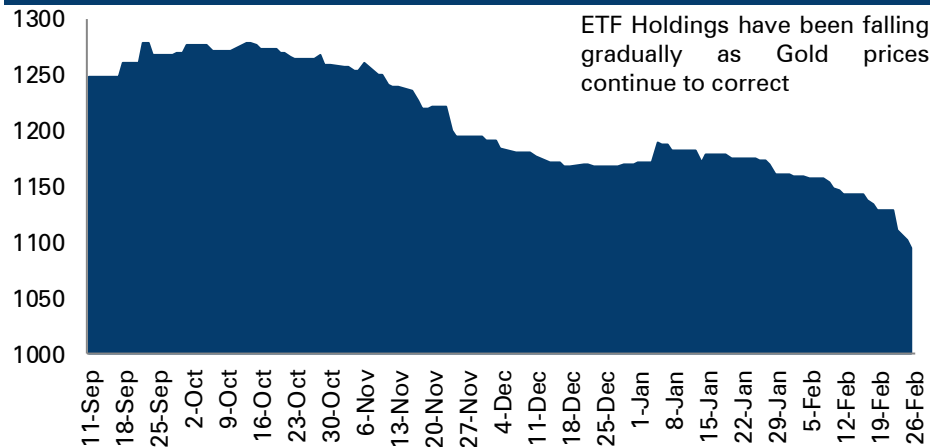
Daily Pivot Levels

Commodity	Expiry	S2	S1	Pivot	R1	R2
GOLD	Apr-21	44944	45356	46022	46434	47100
SILVER	Mar-21	64898	66187	67793	69082	70688
CRUDE OIL	Mar-21	4533	4568	4621	4656	4709
NATURAL GAS	Mar-21	196.0	200.9	203.8	208.7	211.6
COPPER	Mar-21	690.4	696.9	708.5	715.0	726.6
NICKEL	Mar-21	1338.3	1353.6	1376.0	1391.3	1413.7
LEAD	Mar-21	166.6	168.1	170.6	172.1	174.6
ZINC	Mar-21	213.6	217.0	221.5	224.9	229.5

Gold/Silver Ratio



SPDR Gold Holdings (Tonnes)



Standard & Poor's Depository Receipt (ETF) Holdings

US Crude Oil Inventories (Barrels)

Release Date	Time (IST)	Actual	Forecast
24-Feb-21	9:00 PM	1.285M	-5.190M
18-Feb-21	9:30 PM	-7.258M	-2.429M
10-Feb-21	9:00 PM	-6.644M	0.985M
3-Feb-21	9:00 PM	-0.994M	0.446M
27-Jan-21	9:00 PM	-9.910M	0.430M
22-Jan-21	9:30 PM	4.351M	-1.167M

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.

Today's Major Economic Releases

TIME (IST)	COUNTRY	DATA & EVENTS	FORECAST	PREVIOUS
8:30 PM	US	ISM Manufacturing PMI (Feb)	58.8	58.7

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Source: Bloomberg, Reuters, ICICI Direct Research

ANALYST CERTIFICATION

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