

February 26, 2021

Daily Commodities Outlook

Daily Recommendations

Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Silver mini	Apr	Buy	70400-70500	72000	69400	Intraday
Crude oil	Mar	Buy	4585-4590	4650	4545	Intraday

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Recent Developments

- Gold prices fell as much as 2.2% to a near one-week low on Thursday as a surge in US Treasury yields and better-than-expected economic data out of the US dented demand for the safe-haven metal
- The recent rise in real rates is a sign of growing optimism about the recovery and does not warrant a response from the Federal Reserve, Kansas City Fed President Esther George said, echoing Fed Chair Jerome Powell's testimony on Tuesday
- Oil prices were mixed on Thursday with US crude edging up to its highest close since 2019 as Texas refineries restarted production after last week's freeze while Brent eased on worries that four months of gains will prompt producers to boost output
- Earlier in the day, an assurance that US interest rates will stay low and a sharp drop in US crude output last week due to the winter storm in Texas, helped boost both US crude and Brent to their highest intraday prices since January 2020
- The freeze caused US crude production to drop more than 10%, or a record 1 million barrels per day (bpd) last week, while refining runs tumbled to levels not seen since 2008, the Energy Information Administration said
- The Organization of Petroleum Exporting Countries (Opec) and its allies including Russia, a group known as Opec+, are due to meet on March 4

Global Price Performance

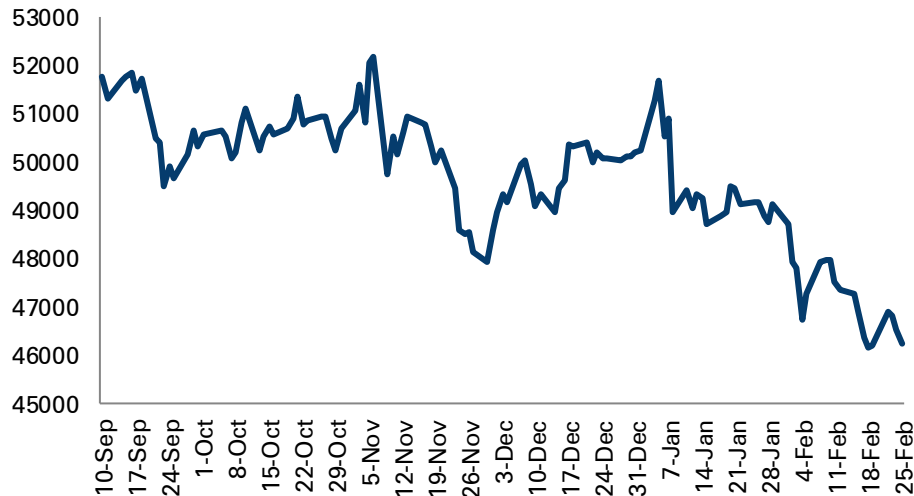
Exchange	Commodity	LTP (\$)	Change	% Change
COMEX	GOLD	1771.20	-4.20	-0.24%
COMEX	SILVER	27.30	-0.34	-1.22%
NYMEX	CRUDE OIL	63.30	-0.23	-0.36%
NYMEX	NATURAL GAS	2.76	-0.01	-0.29%
LME	COPPER	9347.50	-5.00	-0.05%
LME	NICKEL	19015.00	122.50	0.65%
LME	LEAD	2127.25	-18.50	-0.86%
LME	ZINC	2856.25	-9.00	-0.31%

MCX Price Performance

Commodity	Expiry	LTP (₹)	Change	% Change
GOLD	Apr-21	46362	-160.00	-0.34%
SILVER	Mar-21	69525	-18.00	-0.03%
CRUDE OIL	Mar-21	4610	42.00	0.92%
NATURAL GAS	Mar-21	203.60	-1.40	-0.68%
COPPER	Mar-21	720.70	-3.15	-0.44%
NICKEL	Mar-21	1377.00	-55.20	-3.85%
LEAD	Mar-21	172.45	1.60	0.94%
ZINC	Mar-21	225.40	-0.70	-0.31%

Source: Bloomberg, Reuters, ICICI Direct Research

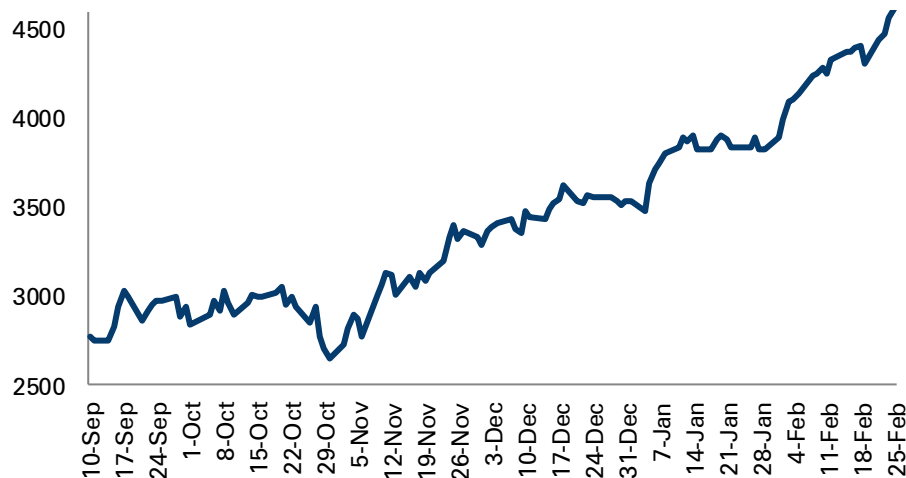
MCX Gold Daily Chart



Bullion Outlook

- Gold prices opened slightly lower on Thursday and fell further during most of the session till a low of ₹ 46060
- Prices have been falling gradually for the last few sessions as rising economic expectations and inflation concerns vaulted benchmark US Treasury yields to their highest levels since the pandemic began, helping lift the dollar
- Hence, we expect gold prices to remain weak towards ₹ 45900 level in the short-term

MCX Crude Oil Daily Chart



Energy Outlook

- Crude oil prices started Thursday's trade on a positive note opening higher and rose slightly further during most of the session till a fresh one-year high of ₹ 4654
- Prices have been rallying strongly in the last week with global market tightening as investors await the Opec+ meeting next week, watching for any changes to production strategy following booming prices
- Therefore, we expect crude prices to consolidate in the range of ₹ 4580-4650 levels in the short-term

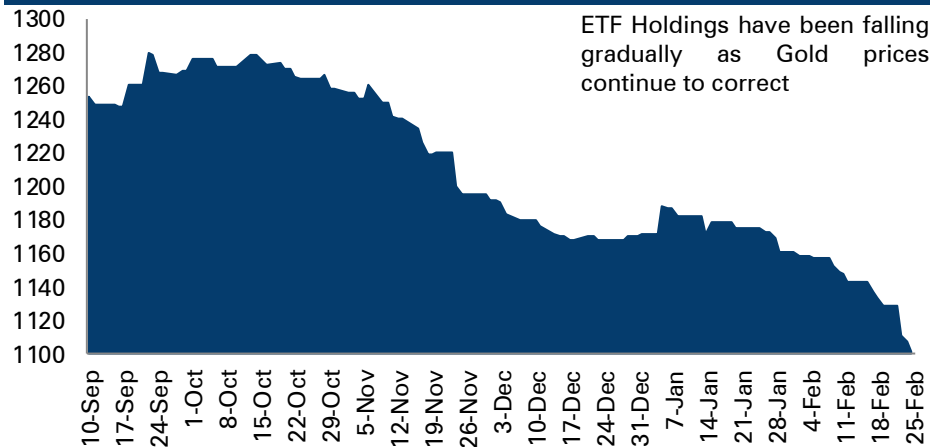
Daily Pivot Levels

Commodity	Expiry	S2	S1	Pivot	R1	R2
GOLD	Apr-21	45764	46063	46359	46658	46954
SILVER	Mar-21	68249	68887	69712	70350	71175
CRUDE OIL	Mar-21	4521	4565	4610	4654	4699
NATURAL GAS	Mar-21	198.0	200.8	204.3	207.1	210.6
COPPER	Mar-21	706.5	713.6	725.3	732.4	744.1
NICKEL	Mar-21	1315.1	1346.1	1395.0	1426.0	1474.9
LEAD	Mar-21	169.0	170.7	172.7	174.4	176.4
ZINC	Mar-21	222.0	223.7	226.4	228.1	230.8

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.

Source: Bloomberg, Reuters, ICICI Direct Research

Today's Major Economic Releases

TIME (IST)	COUNTRY	DATA & EVENTS	FORECAST	PREVIOUS
7:00 PM	US	Core PCE Price Index (MoM) (Jan)	0.2%	0.3%
7:00 PM	US	Core PCE Price Index (YoY) (Jan)	1.4%	1.5%
7:00 PM	US	Personal Spending (MoM) (Jan)	2.5%	-0.2%
8:15 PM	US	Chicago PMI (Feb)	61.1	63.8
8:30 PM	US	Michigan Consumer Expectations (Feb)	69.8	74.0
8:30 PM	US	Michigan Consumer Sentiment (Feb)	76.5	79.0

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Source: Bloomberg, Reuters, ICICI Direct Research

ANALYST CERTIFICATION

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