

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end marginally lower on Monday, follow week Asian peers and gain in dollar index while expected foreign funds flow and RBI intervention support rupee from sharp fall.

The rupee at NSE Future 27 Dec. ended down by 2 paise at 84.83 against previous close of 84.81 and after make low of 84.78 and high of 84.83. The Korean won declined 1% on the day to lead losses amid deepening political turmoil in the country.

U.S. and India's inflation data due this week on Wednesday and Thursday, respectively, will be in focus to gauge the future path of benchmark policy rates in the two countries.

India appointed career civil servant Sanjay Malhotra as its new central bank governor on Monday in a surprise move that leaves markets guessing about the future direction of monetary policy. Malhotra, currently revenue secretary to the finance ministry, has worked in financial services, power, taxation and information technology over a three-decade career.

Measures from the U.S. President-elect -- including tariffs and tax cuts -- should put upward pressure on inflation and bond yields while limiting the Fed's scope to ease policy and supporting the greenback. The dollar index is up more than 2.5% in November so far while the U.S. 10-year Treasury yield touched an over-5-month high of 4.50% last week.

The euro held steady against the dollar in skittish trading on Monday as investors awaited U.S. inflation data later this week, while the Australian and New Zealand dollars rallied after China pledged an "appropriately loose" monetary policy next year. While markets have priced in a quarter-point interest rate cut by the U.S. Federal Reserve next week as a near certainty, investors are waiting for U.S. consumer price data on Wednesday.

The euro was up against the dollar at \$1.0576, having fallen earlier by as much as 0.3%, while the greenback gained 0.78% against the yen to 151.200. The dollar index was flat at 105.95. The Australian dollar gained 1.15% on the greenback, and the kiwi rose 0.79%, after China announced a shift in monetary policy to spur growth.. The two currencies often serve as a proxy for the Chinese yuan , which strengthened in the offshore market to leave the dollar down 0.27% at 7.2650.

The market was pricing a roughly 94% chance of a quarter-point hike at its next policy meeting on Dec. 19, little changed from before the speech. Markets now imply about 150 basis points of ECB easing by the end of next year, compared with around 75 basis points from the Fed.

The main events investors are watching this week are the ECB policy meeting on Thursday, where a quarter point cut is baked in, and China's closed-door Central Economic Work Conference. The Bank of Canada, the Swiss National Bank and the Reserve Bank of Australia meet this week, with deep rate cuts expected from the first two that could turn yield differentials even more against their currencies. The Canadian dollar traded near a 4-1/2-year low on Monday as markets anticipate another outsized interest-rate cut.

Last week's headliner, bitcoin , which hit six-figures for the first time at a record \$103,649, was last at \$98,454.

#### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
New Loans	CNY	950B	500B	HIGH

### **Support Resistance Levels – Currency Future: ( NSE CUR - 27 Dec 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.83	84.70	84.30	85.0	85.60	BULLISH
EURINR FUTURE	89.79	89.00	88.35	89.90	90.50	SIDEWAYS
GBPINR FUTURE	108.33	107.40	106.60	108.75	109.50	BULLISH
JPYINR FUTURE	57.15	56.70	56.0	57.30	58.0	BULLISH

#### **Technical Research Analyst**

Vibhu Ratandhara

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.  
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:  
<https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186