

## **KEY HEADLINES:**

The Indian rupee against the US dollar end marginally higher on Tuesday to erode all early gain after a proposal to include eligible Indian bonds in the Bloomberg Emerging Market Local Currency Index, but towards end dollar demand from foreign banks and oil marketing companies surrender bull to close almost flat. Late on Monday, Bloomberg Index Services proposed including eligible Indian bonds in its emerging market local currency index from September.

The rupee at NSE Future 29 Jan. ended gain by 1 paise at 83.19 against previous close of 83.20 and after make low of 83.10 and high of 83.20. most Asian currencies ticked up, led by the Thai baht, which rose 0.4%.

Indian rupee likely to trade in narrow range between 83.0 to 83.50 for some time now.

Foreign portfolio investors (FPI) made record monthly purchases of Indian equities totalling 661.35 billion rupees (\$8 billion) in December, NSDL data shows, but the rupee was unable to gain much as the Reserve Bank of India likely stepped in to absorb large inflows. FPIs bought shares worth 427.33 billion rupees in the first half of December, marking a fortnightly record, driven by lower U.S. bond yields amid expectations of interest rate cuts by US FED.

Foreign investment in Indian government bonds saw a remarkable jump in the last three months of 2023, with JPMorgan's decision to add the debt to its indexes boosting inflows to a six-year high. Overseas investors net bought government bonds worth 350 billion rupees (\$4.2 billion) in October-December, pushing the full-year tally to 598 billion rupees, the highest since 2017, clearing house data showed.

The dollar edged higher against the euro on Tuesday and dipped against the yen as traders waited on inflation data on Thursday for clues on when the Federal Reserve is likely to cut rates.

The U.S. dollar index , which measures the currency against a basket of six currencies, was last up 0.07% at 102.37. The euro dipped 0.05% to \$1.09445, while sterling slipped 0.23% to \$1.2719. The dollar was last down 0.26% at 157.51 yen

This week's major economic release will be Thursday's consumer price inflation data for December. It is expected to show that headline inflation rose 0.2% in the month, for a

3.2% annual gain.

Fed funds futures traders are pricing in Fed rate cuts beginning in March, though the odds of a move that soon have fallen. Traders now see a 64% chance of a March rate reduction, down from 89% a week ago, according to the CME Group's FedWatch Tool.

In cryptocurrencies, bitcoin fell but remained near its strongest level since April 2022 as anticipation mounted the Securities and Exchange Commission will imminently approve spot bitcoin exchange-traded funds (ETF).

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

Indicator	Currency	Forecast	Previous	Impact
BOE Gov Bailey Speaks	GBP			HIGH


**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
<b>USDINR FUTURE</b>	<b>83.19</b>	<b>83.0</b>	<b>82.30</b>	<b>83.55</b>	<b>83.85</b>	<b>SIDEWAYS</b>
<b>EURINR FUTURE</b>	<b>91.01</b>	<b>90.70</b>	<b>89.90</b>	<b>91.70</b>	<b>92.30</b>	<b>BEARISH</b>
<b>GBPINR FUTURE</b>	<b>105.78</b>	<b>105.20</b>	<b>104.40</b>	<b>106.55</b>	<b>107.40</b>	<b>SIDEWAYS</b>
<b>JPYINR FUTURE</b>	<b>57.95</b>	<b>57.50</b>	<b>57.0</b>	<b>58.50</b>	<b>59.30</b>	<b>BEARISH</b>

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