

**KEY HEADLINES:**

The Indian rupee spot against the US dollar ended almost flat on Wednesday, tracking muted reaction from world market after U.S. latest move on reciprocal tariff, while gain on dollar index makes pressure in rupee but trade deal possibility between India-U.S. makes rupee supportive ahead of key FED last meeting minutes later on the day.

The rupee at NSE Future 29 July-25. ended flat by 1 paise at 85.77 against previous close of 85.76 and after making low of 85.72 and high of 85.99. Asian currencies were little changed to a tad weaker, while the dollar index retreated slightly from a two-week high hit on Tuesday.

The U.S. dollar's share of global currency reserves reported to the International Monetary Fund nudged lower to 57.7% in the first quarter of 2025 while the share of euro-denominated reserves gained, International Monetary Fund data showed. Shares of global currency reserves held in the greenback stood at 57.8% at the end of 2024, while the share of euros gained from 19.8% to 20.1% - their highest since late 2022, according to the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER) data released on Wednesday. But it was the Swiss franc which saw the most dramatic increase, quadrupling its share to 0.8% of reserves by end-March - the highest level since at least 1999 when the euro was introduced - while the share of pound sterling also rose.

Minutes from the Federal Reserve's June 17-18 policy meeting on Wednesday showed that only "a couple" of officials said they felt interest rates could be reduced as soon as this month, with most policymakers remaining worried about the inflationary pressure from Trump's tariffs.

Rupee posted modest losses of 0.2% and 0.3% respectively for the month June and quarter, underperforming most Asian peers amid a broad dollar downtrend. Asian peers such as the Taiwan dollar and Korean won have risen about nearly 13% and 8% year-to-date, respectively, while the offshore Chinese yuan, a closely tracked peer of the rupee, is up over 2%.

The dollar hovered near more than a two-week high against the yen on Wednesday as U.S. President announced tariffs on seven countries, after earlier this week imposing 25% tariffs on Japan and other trade partners beginning in August.

The dollar was down 0.18% at 146.35 yen, after touching 147.19 earlier in the session.

The U.S. currency has gained around 1.5% so far this week - the greenback's biggest weekly rise since mid-December. The euro slipped 0.09% to \$1.171. The dollar index inched down 0.003% to 97.545, while sterling was down 0.04% at \$1.36.

Market expectations that the Fed will leave rates unchanged at its July meeting rose to a 95.3% probability, up from 76.2% a day ago, according to the CME's Fedwatch tool, while a cut by September has a 93% probability, according to the CME Group's FedWatch Tool. In total, traders see 66 basis points of cuts by year-end, indicating a potential third 25-basis point reduction, up from 46 basis points on Friday.

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

Indicator	Currency	Forecast	Previous	Impact

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### Support Resistance Levels – Currency Future: ( NSE CUR - 29 July 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.77	85.50	85.25	86.30	87.10	SIDEWAYS
EURINR FUTURE	100.55	100.40	99.70	101.0	101.50	SIDEWAYS
GBPINR FUTURE	116.63	116.30	115.50	117.20	118.10	BEARISH
JPYINR FUTURE	59.17	59.0	58.40	59.75	60.20	BEARISH

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