

KEY HEADLINES:

The Indian rupee spot against the US dollar end flat on Monday, tracking muted trades in Asian peers despite fall in dollar index ahead of trade talk between U.S-China while consistent gain in equity offer support to rupee at lower level.

The rupee at NSE Future 26 June-25. ended gain by 3 paise at 85.71 against previous close of 85.74 and after make low of 85.53 and high of 85.77. Dollar-rupee forward premiums, eased to multi-month lows and a fall in forward premiums could leave the currency vulnerable to further depreciation.

Worries about the economic impact of U.S. trade policies have continued to weigh on the dollar, which is down by around 8.5% against major peers over the year so far. A 90-day pause on U.S. reciprocal tariffs is set to elapse in early July but legal back-and-forth on the viability of the broad-based levies may continue to keep uncertainty elevated.

The Fed next meets on June 17-18, when the central bank will release new projections from policymakers about their outlook for inflation, employment and economic growth in coming months and years, and the projected interest rate they feel would be appropriate.

An inflation report out of the U.S. for May will be in the spotlight later in the week as investors and Federal Reserve policymakers look for evidence on the damage trade restrictive policies have had on the economy.

The U.S. dollar slipped against most major currencies on Monday, as optimism over a better-than-expected U.S. employment report was offset by caution ahead of pivotal U.S – China trade talk set to take place later in the day.

Data showed China's export growth slowed to a three-month low in May as U.S. tariffs slammed shipments, while factory-gate deflation saw its worst level in two years. Customs data showed that China's exports to the U.S plunged 34.5% year-on-year in May in value terms, the sharpest drop since February 2020, when the outbreak of the COVID-19 pandemic upended global trade.

The dollar was down about 0.2% against the Japanese currency at 144.635 yen in late morning trading after two consecutive weeks of gains. The euro , meanwhile, was up

slightly against the greenback at \$1.1404. Sterling also rose versus the greenback, adding 0.3% to \$1.3558. Elsewhere, China's offshore yuan was last at 7.18 per dollar, little changed on the day.

In light of the signs of easing trade tensions, markets have dialed back expectations for rate cuts from the U.S. Federal Reserve this year, pricing in a 75.4% chance for the first cut of at least 25 basis points (bps) at the central bank's September meeting, according to LSEG data. The prior view was for a likely cut in July.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

[illegible]

Support Resistance Levels – Currency Future: (NSE CUR - 26 June 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.71	85.30	84.90	86.30	87.0	BULLISH
EURINR FUTURE	98.0	97.65	96.80	98.50	99.20	BULLISH
GBPINR FUTURE	116.26	115.80	114.90	116.75	117.50	BULLISH
JPYINR FUTURE	59.90	59.50	59.0	60.30	61.0	SIDEWAYS

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