

## **KEY HEADLINES:**

The Indian rupee against the US dollar end marginal change on Thursday with trading seen in tight range till the week as pressure seen from dollar demand from OMC for oil payment, fall in equity market, weak clue from Asian peers and firm dollar index as well US treasury yield pressure rupee at lower level while against this down side capped by technical support, as rupee fail to surpass demand zone added by soft crude oil prices.

The rupee at NSE Future 29 May. ended Gain by 2 paise at 83.55 against previous close of 83.57 and after make low of 83.49 and high of 83.56. Most Asian currencies slipped, with the Korean won down 0.3%, leading losses.

The recent sharp foreign investor selling in Indian government bonds in April, marking the highest monthly sales since the Covid-19 pandemic, is only an aberration, with inflows likely to continue in the coming months, according to various analyst expectations. Foreign investors sold bonds worth 149.5 billion rupees (\$1.79 billion) on a net basis in April, the highest in the four years, after net purchases of bonds worth 816 billion rupees between October and March.

The dollar weakened against most currencies on Thursday after economic data showed more signs of softening in the U.S. labor market, while the pound rebounded from earlier lows after the Bank of England opened the door for an interest rate cut.

Weekly initial claims for state unemployment benefits increased 22,000 to a seasonally adjusted 231,000, the highest level since the end of last August and above the 215,000 expected by economists in a Reuters poll. The data followed last week's weaker-than-anticipated U.S. payrolls report and other data that showed job openings fell to a three-year low in March.

The dollar index , which measures the greenback against a basket of currencies, fell 0.22% at 105.28, with the euro up 0.28% at \$1.0775. Sterling strengthened in the wake of the U.S. data and was last at 0.18% at \$1.2518. The pound had dropped to a low of \$1.2446, its weakest level since April 24, after the Bank of England (BoE) paved the way for an interest rate cut. Against the Japanese yen the dollar edged 0.03% higher at 155.52.

The BoE's Monetary Policy Committee had voted 7-2 to keep the central bank's key policy rate at a 16-year high of 5.25%. BoE Governor Andrew Bailey said it was possible

the central bank would need to cut rates by more than investors expect.

Bloomberg Index Services said it will include 34 Indian government bonds that are open for investment under the country's fully accessible route in its emerging market local currency indexes from January 2025. The announcement follows JP Morgan's decision to add Indian government bonds in its Government Bond Index-Emerging Markets from June 2024.

Markets are now pricing in nearly 50 basis points of rate cuts from the Fed this year, including a 64.5% chance of a rate cut of at least 25 basis points in September, according to CME's FedWatch Tool.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact

GDP m/m	GBP	0.1%	0.1%	HIGH
Prelim UoM Consumer Sentiment	USD	76.3	77.2	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.55	83.25	82.80	83.85	84.50	BULLISH
EURINR FUTURE	89.61	89.20	88.90	90.05	90.80	SIDEWAYS
GBPINR FUTURE	104.24	104.15	103.60	105.0	105.75	BEARISH
JPYINR FUTURE	53.78	53.25	52.40	54.25	54.60	BEARISH

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