

**KEY HEADLINES:**

The Indian rupee spot against the US dollar ended sharply lower to hit 3-week low on Wednesday, tracking weakness in Asian peers, especially weakness in Chinese Yuan as sweeping U.S. tariff came into effect added by weakness in equity market as well global route and in fear of slower global growth concern. However, fall in dollar index & likely central bank buying added by 25 bps rate cut from RBI, somehow offer support at lower level.

U.S. President Donald Trump said on Wednesday he authorized a 90-day pause as part of his tariff plan. Tariffs on Chinese imports, however, were raised to 125% with immediate effect after China retaliated against previous U.S. duties with an 84% tariff rate. Total U.S. duties on Chinese imports are now 145% in addition to the new tariffs, according to the White House.

The rupee at NSE Future 28 April-25. ended sharply lower by 44 paise at 86.84 against previous close of 86.40 and after made low of 86.48 and high of 86.90. INR depreciate more than Rs.1.50 against USD since low made 4-days ago.

The onshore Chinese yuan declined to a 19-month low against the dollar on Wednesday after its offshore counterpart fell to a record low overnight as concerns about trade war escalations stayed front and centre for investors.

The Reserve Bank of India (RBI) lowered its key repo rate on Wednesday for a second consecutive time and changed its monetary policy stance signalling room for more cuts ahead, as it seeks to boost the sluggish economy in the face of fresh U.S. tariffs. The tariffs have raised the risk of a global slowdown and a U.S. recession while sparking financial turmoil, leaving emerging market central banks facing a tough choice between cutting rates to support growth and shoring up their fragile currencies. India's Monetary Policy Committee (MPC), which consists of three RBI and three external members, cut the repo rate by 25 basis points to 6.00% as expected. It started reducing rates with a quarter-point reduction in February, its first cut since May 2020. The central bank also changed its stance to "accommodative" from "neutral". All six MPC members voted to cut the repo rate and change the policy stance. The RBI now estimates growth at 6.5%, slightly lower than its earlier estimate of 6.7%. It sees inflation at 4% compared to 4.2% earlier.

The Reserve Bank of India is expected to keep sufficient surplus in the banking system to

ensure policy transmission and is looking at a level of around 1% of deposits, Governor Sanjay Malhotra said on Wednesday in his monetary policy address. That works out to about 2 trillion rupees (\$23 billion), based on market estimates of deposits of about 250 trillion rupees. However, the surplus averaged around 1.66 trillion rupees in April and was in deficit the previous four months.

India's central bank has decided not to conduct a 14-day variable rate repo auction for the fortnight ending April 17, following a review of liquidity conditions, it said on Thursday. The Reserve Bank of India infuses liquidity in the banking system using repos and sucks it out using reverse repos. India's banking system liquidity surplus is set to widen to five-month high to around 2.5 trillion rupees in coming days amid government spending and the RBI's bond purchase, according to trade estimates. Banking system liquidity moved into surplus on March 29, after being in deficit since mid-December. The surplus stood at 1.42 trillion rupees, as on April 1.

The U.S. dollar fell against its major peers on Thursday, hitting a 10-year low against the safe-haven Swiss franc, as markets digested President Donald Trump's dramatic reversal on tariffs. Trump stunned financial markets on Wednesday by walking back steep duties on trading partners that had gone into effect less than 24 hours earlier. Trump granted a 90-day freeze on so-called "Liberation Day" tariffs but maintained a 10% blanket duty on most countries.

The U.S. dollar rebounded against the safe-haven Swiss franc and Japanese yen on Wednesday, while Wall Street's main stock indexes leaped as the tariff reprieve brought some relief to investors. But traders were readjusting their positions on Thursday, with the dollar dropping 2% to 144.795 yen and 3.6% versus the Swiss franc to 0.82635. The dollar has fallen 3.46% against the yen and nearly 6.5% against the Swiss franc so far this month. It is on track for the biggest one-day loss against the franc since January 2015.

The euro was up nearly 2.47% at \$1.1221 after hitting its highest since July 2023 and making its biggest one-day jump since 2022. The pound was up 1.13% at \$1.29720. China's central bank cut guidance for the official yuan rate for a sixth successive trading session on Thursday, signaling an intention to allow a very gradual depreciation.

Markets swung to imply an approximately 55% chance of a Fed cut in May, and futures now point to more than 100 basis points worth of rate cuts by December this year. Investors were previously expecting the Fed to keep rates on hold next month.

### Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
GDP m/m	GBP	0.1%	-0.1%	HIGH
PPI m/m	USD	0.2%	0.0%	HIGH
Prelim UoM Consumer Sentiment	USD	54.0	57.0	HIGH

### Support Resistance Levels – Currency Future: ( NSE CUR - 28 April 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.84	86.35	85.90	86.90	87.30	BULLISH
EURINR FUTURE	95.91	95.0	94.40	96.20	97.0	BULLISH
GBPINR FUTURE	111.23	110.40	109.80	111.50	112.50	SIDEWAYS
JPYINR FUTURE	60.10	59.0	58.40	60.20	61.0	BULLISH

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