

**KEY HEADLINES:**

The Indian rupee spot against the US dollar ended again lower after test record closing low on Monday, in the wake of US president announcing new tariff plans weekend, drove regional currency lower added by outflow concern after fall in domestic equity market overseas investors selloff. However, likely central bank intervention help rupee to fall sharply in second half of trade. The currency managed to pare most of its losses due to strong central bank intervention, exporters' dollar selling and profit-booking by speculators holding long USD/INR positions.

The rupee at NSE Future 25 Feb-25. ended flat by 0 paise at 87.58 against previous close of 87.58 and after make low of 87.40 and high of 88.12. Asian currencies were mostly weaker, with the offshore Chinese yuan down 0.2% at 7.31.

Trump said he will announce new 25% tariffs on all steel and aluminium imports into the U.S. later on Monday, as well as reciprocal tariffs on Tuesday or Wednesday that will be applied to all countries and match the tariff rates levied by each nation.

Modi is preparing additional tariff cuts ahead of a meeting with Trump this week, government officials told Reuters.

The currency has declined over 2% so far in 2025 and is the worst performer among major Asian currencies. Persistent foreign outflows, uncertainty surrounding U.S. trade tariffs and expectations of domestic rate cuts have all weighed on the rupee. Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record.

Short bets on the rupee have risen to their highest since mid-July 2022 even as the bearish outlook on other regional currencies has eased, according to a Reuters poll.

Other side, Foreign investors have sold nearly \$10 billion of local stocks and bonds, on a net basis, this month. The BSE Sensex and Nifty 50, India's benchmark equity indexes, are on a four-month losing streak, set for their worst such run in 23 years as weak earnings, foreign outflows and economic uncertainty have taken the wind out of the sails of a market that hit record highs just four months back.

The U.S. dollar gained on Monday after President Donald Trump pledged 25% tariffs on all imports of steel and aluminium, while the Canadian dollar was among the worst performers.

Canada is a major exporter of steel and aluminium to the U.S., along with Brazil, Mexico, South Korea and Vietnam, according to government and American Iron and Steel Institute data. The yen also dipped on concerns that Japan could also face tariffs.

The greenback strengthened 0.17% to 151.65 Japanese yen. The dollar index rose 0.17% to 108.25. The euro dropped 0.18% to \$1.0308. The U.S. is the second largest market for EU steel exports. Sterling weakened 0.27% to \$1.2376.

Federal Reserve Chairman Jerome Powell is also due to testify before Congress on Tuesday and Wednesday.

Money markets now price in around 67 basis points of further BoE easing by the end of the year.

In cryptocurrencies, bitcoin gained 1.48% to \$97,435.03.

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

| Indicator                  | Currency | Forecast | Previous | Impact |
|----------------------------|----------|----------|----------|--------|
|                            |          |          |          |        |
| Fed Chair Powell Testifies | USD      |          |          | HIGH   |
|                            |          |          |          |        |
|                            |          |          |          |        |
|                            |          |          |          |        |
|                            |          |          |          |        |
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|                            |          |          |          |        |
|                            |          |          |          |        |

### **Support Resistance Levels – Currency Future: ( NSE CUR - 25 Feb 25)**

| Currency         | LTP    | S1     | S2    | R1     | R2     | Trend   |
|------------------|--------|--------|-------|--------|--------|---------|
| USDINR<br>FUTURE | 87.58  | 87.30  | 86.80 | 87.85  | 88.20  | BULLISH |
| EURINR<br>FUTURE | 90.64  | 90.20  | 89.60 | 91.40  | 92.0   | BULLISH |
| GBPINR<br>FUTURE | 108.72 | 108.65 | 108.0 | 109.90 | 110.50 | BULLISH |
| JPYINR<br>FUTURE | 58.01  | 57.20  | 56.50 | 58.20  | 59.0   | BULLISH |

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