

KEY HEADLINES:

The Indian rupee against the US dollar end higher on Wednesday to erode early losses to close higher for a 6th consecutive day gain is highest since Mid Dec month, on expected foreign inflow after strong equity marker as well a proposal to include eligible Indian bonds in the Bloomberg Emerging Market Local Currency Index. Late on Monday, Bloomberg Index Services proposed including eligible Indian bonds in its emerging market local currency index from September.

The rupee at NSE Future 29 Jan. ended strong by 9 paise at 83.10 against previous close of 83.19 and after make low of 83.03 and high of 83.25. Asian currencies were mostly lower tracking the dollar index's rise to 102.60.

Indian rupee likely to trade in narrow range between 83.0 to 83.50 for some time now.

Foreign portfolio investors (FPI) made record monthly purchases of Indian equities totalling 661.35 billion rupees (\$8 billion) in December, NSDL data shows, but the rupee was unable to gain much as the Reserve Bank of India likely stepped in to absorb large inflows. FPIs bought shares worth 427.33 billion rupees in the first half of December, marking a fortnightly record, driven by lower U.S. bond yields amid expectations of interest rate cuts by US FED.

Foreign investment in Indian government bonds saw a remarkable jump in the last three months of 2023, with JPMorgan's decision to add the debt to its indexes boosting inflows to a six-year high. Overseas investors net bought government bonds worth 350 billion rupees (\$4.2 billion) in October-December, pushing the full-year tally to 598 billion rupees, the highest since 2017, clearing house data showed.

The dollar gained on the yen but edged lower against the euro on Wednesday as investors waited on U.S. inflation data due on Thursday for fresh clues on when the Federal Reserve is likely to begin cutting interest rates.

The dollar index was little changed on the day at 102.51. The euro gained 0.1% to \$1.09425. The greenback rose 0.69% to 145.47 yen .

This week's major economic release will be Thursday's consumer price inflation data for December. It is expected to show that headline inflation rose 0.2% in the month, for a 3.2% annual gain.

Fed funds futures traders are pricing in Fed rate cuts beginning in March, though the odds of a move that soon have fallen. Traders now see a 64% chance of a March rate reduction, down from 89% a week ago, according to the CME Group's FedWatch Tool.

In cryptocurrencies, bitcoin fell after being whipsawed late on Tuesday after a social media message on the U.S. Securities and Exchange Commission's (SEC) account claimed the regulator had approved bitcoin exchange traded funds (ETFs), but was later revealed to have been made by an unauthorized person.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
CPI m/m	USD	0.2%	0.1%	HIGH

CPI y/y	USD	3.2%	3.1%	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.10	83.0	82.30	83.55	83.85	BEARISH
EURINR FUTURE	91.04	90.70	89.90	91.70	92.30	BEARISH
GBPINR FUTURE	105.73	105.20	104.40	106.55	107.40	SIDEWAYS
JPYINR FUTURE	57.54	57.45	57.0	58.15	58.70	BEARISH

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