

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end almost unchanged on Thursday after trades in small tight range through out the day as initial pressure seen from weakness in Asian peers and dollar demand from foreign banks keep rupee under check, while likely central bank intervention to hold rupee from record level fall support at dip.

The rupee at NSE Future 29 Oct. ended Flat by 0 paise at 84.03 against previous close of 84.03 and after make low of 84.01 and high of 84.04. The 1-year implied yield is down 19 bps over October so far and last quoted at 2.20%, its lowest in a month. Asian currencies were mostly lower by 0.1% to 0.4%.

Outflows from local equities have kept the currency on the backfoot with foreign investors pulling out about \$7 billion from stocks over the last eight trading sessions.

The Reserve Bank of India (RBI) kept its key interest rate unchanged on Wednesday as widely expected, but changed its policy stance to "neutral", opening the door for rate cuts as early as December. The Monetary Policy Committee (MPC), which consists of three RBI and three external members, kept the repo rate unchanged at 6.50% for a tenth straight policy meeting. The committee, however, changed its policy stance to "neutral" from "withdrawal of accommodation". Five out of six members vote in favour of holding rates. The MPC last changed rates in February 2023, when the policy rate was raised to 6.50%. It raised rates by a cumulative 250 basis points (bps) between April 2022 and February 2023, as the economy emerged from the COVID-19 pandemic and inflation took off. The central bank expects inflation to average 4.5% in the financial year 2024-25, unchanged from the forecast provided at the August meeting. The central bank, however, retained its GDP growth forecast for the current financial year at 7.2%.

China's finance ministry is due to hold a highly anticipated news conference on fiscal policy on Saturday.

The U.S. dollar edged lower against the yen on Thursday after data showed signs of labor market weakness and a higher-than-expected rise in U.S. inflation in September even though prices were on a downward trend, allowing the Federal Reserve to keep cutting interest rates.

US data in Thursday shows, the CPI increased 0.2% in September. In the 12 months through September the CPI climbed 2.4%, which was the smallest y-o-y rise since February 2021. Other data from the Labor Department also showed that the number of

Americans seeking unemployment benefits surged last week, as Initial claims for state unemployment benefits increased to 258,000 last week, compared with a Reuters analyst estimate of 230,000 claims.

The greenback was down 0.39% at 148.71 yen after rising to as high as 149.58 yen for the first time since Aug. 2 . The euro dropped to its lowest since Aug. 9 against the dollar and was down 0.17% on the day at \$1.092. The dollar index, was up slightly by 0.1% to 102.97 in choppy trading after hitting its highest since August 15.

The market is pricing in 90% chance for a cut of 25 basis points at the Fed's Nov. 6-7 meeting, with a 24% chance for another outsized half-percentage-point cut, down from 49% week ago, and Just 50 bsp of easing price in by year end down from 70 bps earlier, according to the CME Group's FedWatch Tool.

In cryptocurrencies, bitcoin gained 0.28% to \$60,541.29. Ethereum rose 1% to \$2,377.29.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
GDP m/m	GBP	0.2%	0.0%	HIGH
PPI m/m	USD	0.1%	0.2%	HIGH

### Support Resistance Levels – Currency Future: ( NSE CUR - 29 Oct 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.03	83.80	83.40	84.20	84.70	BULLISH
EURINR FUTURE	92.01	91.90	91.30	92.90	93.70	BEARISH
GBPINR FUTURE	109.85	109.60	109.0	110.30	110.85	BEARISH
JPYINR FUTURE	56.54	56.50	56.0	57.10	57.70	BEARISH

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