

KEY HEADLINES:

The Indian rupee spot against the US dollar ended sharply higher to mark best daily gain in over 2-year on Tuesday, thanks to strong intervention by the RBI and dollar sell foreign banks despite gain in dollar index after new round of tariff by US president previous day and outflow concern after fall in domestic equity market by overseas investors selloff.

The RBI likely sold between \$4 billion and \$7 billion to shore up the currency on Monday to help it hold above the 88 handle and the intervention continued on Tuesday, according to one estimates. The Rupee Spot hit its all-time low of 87.95 on Monday.

The rupee at NSE Future 25 Feb-25. ended strong by 64 paise at 86.94 against previous close of 87.58 and after make low of 86.58 and high of 87.57.

Concerns about a potential trade war, persistent foreign selling from domestic stocks and policy easing by the RBI have weighed on the rupee this year and prompted speculators to wager against the currency. Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record.

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

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 held onto earlier losses on Tuesday after Federal Reserve Chair Jerome Powell said the U.S. central bank was in no rush to cut its short-term interest rate again. Powell said in testimony before the Senate Banking, Housing and Urban Affairs Committee that the view on rates reflected the U.S. economy being strong overall with low unemployment and inflation that remains above the Fed's 2% target.

Consumer price data for January is due on Wednesday and is expected to show inflation remained sticky during the month. Powell will also testify before the House Financial Services Committee on Wednesday.

The U.S. dollar index was last down 0.17% at 108.18. The euro was last up 0.22% at

\$1.033. The Canadian dollar weakened 0.03% versus the greenback to C\$1.43 per dollar. The Japanese yen weakened 0.3% against the greenback to 152.45 per dollar. It hit 150.93 on Friday, its highest since December 10.

Futures priced in 35 basis points' worth of Fed rate cuts by the year-end , little changed from before Powell's comments, which implies one 25 bps cut and only a partial chance of a second. Money markets now price in around 67 basis points of further BoE easing by the end of the year.

In cryptocurrencies, bitcoin fell 0.40% to \$97,016.65.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Fed Chair Powell Testifies	USD			HIGH
CPI m/m	USD	0.3%	0.4%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.94	86.50	86.0	87.20	87.85	SIDEWAYS
EURINR FUTURE	89.74	89.50	88.80	90.50	91.40	BEARISH
GBPINR FUTURE	107.59	107.10	106.50	108.70	109.90	BEARISH
JPYINR FUTURE	57.43	57.20	56.50	58.20	59.0	SIDEWAYS

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