

## **KEY HEADLINES:**

The Indian rupee against the US dollar end marginally higher on Thursday despite erode early gains to close higher for a 7<sup>th</sup> consecutive day and register highest since early Dec level in intraday, due to continue expected foreign inflow into domestic market after strong equity and a proposal to include eligible Indian bonds in the Bloomberg Emerging Market Local Currency Index which continue to support domestic rupee in last few days.

The rupee at NSE Future 29 Jan. ended gain by 3 paise at 83.07 against previous close of 83.10 and after make low of 82.98 and high of 83.13.

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

The Indian government's net direct tax collection has risen 19.4% year-on-year to 14.7 trillion rupees (\$177.1 billion) in the ongoing financial year up to Jan. 10, according to a statement from the Ministry of Finance. The direct tax collection from April 1-Jan. 10 has helped the government to achieve about 81% of the budget target of 18.2 trillion rupees.

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 jumped against the euro and hit a one-month high against the yen on Thursday after data showed that U.S. consumer price inflation came in above economists' expectations in December, raising some doubts that the Federal Reserve will cut rates as soon as traders expect.

The dollar index was last up 0.26% on the day at 102.61. It had traded at around 102.20 before the data was released. The euro dipped 0.24% on the day to \$1.09450. The greenback gained 0.12% to 145.95 yen , after earlier reaching 146.10, the highest

since Dec. 11.

U.S. consumer prices increased more than expected in December, with Americans paying more for shelter and healthcare, the CPI rose 0.3% last month after nudging up 0.1% in November. In the 12 months through December, the core PCE price index is forecast to increase 3.0% after advancing 3.2% in November. The annual increase in consumer prices has cooled from a peak of 9.1% in June 2022.

Financial markets still see more than a 60% chance of a rate cut at the Fed's March 19-20 policy meeting, according to CME Group's FedWatch Tool. The Fed has hiked its policy rate by 525 basis points to the current 5.25%-5.50% range since March 2022.

Several exchange-traded funds (ETFs) tied to the spot price of bitcoin began trading in the U.S. on Thursday in a landmark moment for the crypto currency industry that is set to test the broader acceptance of digital assets as an investment. The green light from the U.S. Securities and Exchange Commission finally came late on Wednesday, following a decade-long tussle with the crypto industry. The ETF launches lifted the price of bitcoin up to its highest level since Dec. 2021. It was last up 0.16% at \$46,021, while the price of ether , the second-largest cryptocurrency, was up 2.42%.

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

Indicator	Currency	Forecast	Previous	Impact

CPI y/y	CNY	-0.4%	-0.5%	HIGH
GDP m/m	GBP	0.2%	-0.3%	HIGH
PPI m/m	USD	0.1%	0.0%	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.07	82.95	82.30	83.55	83.85	BEARISH
EURINR FUTURE	91.23	90.70	89.90	91.70	92.30	BEARISH
GBPINR FUTURE	105.95	105.20	104.40	106.55	107.40	SIDEWAYS
JPYINR FUTURE	57.32	57.20	56.40	58.15	58.70	BEARISH

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