

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end marginally higher on Wednesday, to mark consecutive 3<sup>rd</sup> day of range bound trade in absence of fresh clue for either side direction as on one side weakness in dollar index & inflows expectations after last few weeks rally in equity support rupee at dip, while dollar demand & firm Crude prices along with tariff concern pressure rupee at every rally.

The rupee at NSE Future 26 June-25. ended gain by 7 paise at 85.57 against previous close of 85.64 and after make low of 85.48 and high of 85.62. The dollar-rupee pair's implied volatility, a gauge of future expectations, has receded on the back of muted moves in the currency. The 1-month gauge eased to about 4.4%, the lowest in over one month.

Worries about the economic impact of U.S. trade policies have continued to weigh on the dollar, which is down by around 8.5% against major peers over the year so far. A 90-day pause on U.S. reciprocal tariffs is set to elapse in early July but legal back-and-forth on the viability of the broad-based levies may continue to keep uncertainty elevated.

The Fed next meets on June 17-18, when the central bank will release new projections from policymakers about their outlook for inflation, employment and economic growth in coming months and years, and the projected interest rate they feel would be appropriate.

The BoE is due to meet next week and is expected to keep the interest rate unchanged. Money market traders are pricing in about 48 basis points of cuts by year-end, up from about 39 bps before the data.

The U.S. dollar slid against most major currencies after data showed underlying inflation in the world's largest economy rose less than expected last month, suggesting the Federal Reserve could cut interest rates sooner than later.

A White House official said the agreement allows the U.S. to charge a 55% tariff on imported Chinese goods. This includes a 10% baseline "reciprocal" tariff, a 20% tariff for fentanyl trafficking and a 25% tariff reflecting pre-existing tariffs. China would charge a 10% tariff on U.S. imports, the official said.

It did trim losses after President Donald Trump said on Wednesday a U.S. trade deal with

China is done, with Beijing to supply magnets and rare earth minerals while the U.S. will allow Chinese students in its colleges and universities.

On the data front, the core consumer price index - a gauge of underlying inflation - rose just 0.1% in May after a 0.2% rise in April.

In light of the signs of easing trade tensions, markets have dialed back expectations for rate cuts from the U.S. Federal Reserve this year, pricing in a 68% chance for the first cut of at least 25 basis points (bps) at the central bank's September meeting, according to LSEG data. The prior view was for a likely cut in July.

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

Indicator	Currency	Forecast	Previous	Impact

GDP m/m	GBP	-0.1%	0.2%	HIGH
PPI m/m	USD	0.2%	-0.5%	HIGH

### Support Resistance Levels – Currency Future: ( NSE CUR - 26 June 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.57	85.30	84.90	86.10	87.0	SIDEWAYS
EURINR FUTURE	97.92	97.50	96.80	98.50	99.20	BULLISH
GBPINR FUTURE	115.46	115.25	114.50	116.10	116.80	SIDEWAYS
JPYINR FUTURE	59.20	59.0	58.50	59.80	60.30	BEARISH

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