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Daily Forex Insight

KEY HEADLINES:

The Indian rupee spot against the US dollar end Flat on 2nd day Tuesday, as market participants adopt wait & watch amid key inflation data in U.S as well India which will hint for rate decision trajectory for coming meeting, while other side tariff & outflow concern pressure rupee at higher side against central bank intervention support near record low in last few session.

The rupee at NSE Future 26 Aug-25. ended flat by 0 paise at 87.78 against previous close of 87.78 and after make low of 87.65 and high of 87.80.

U.S president schedule meeting with Russian President on Friday has also prompted the market to be cautious, with traders avoiding any reckless bets owing to the global geopolitical uncertainties.

India's retail inflation in July eased below 2% for the first time in eight years, on the back of falling prices of food items including vegetables and pulses, hurting some farmers, but will have limited impact on the central bank's policy decision. Annual retail inflation slowed to 1.55% in July as compared to 2.10% in June, and below expectations of 1.76%. The figure was the lowest since June 2017, according to a government statement, and below the Reserve Bank of India's tolerance band of 2%-6%. Core inflation, which excludes volatile items such as food and energy and is an indicator of domestic demand, was at 4%-4.12% in July versus 4.4%-4.5% in the previous month, according to two economists. India's official statistics agency does not publish core inflation data.

Over the past two weeks, the rupee has come close to breaching its all-time low of 87.95, but intervention by the Reserve Bank of India in both the NDF and onshore spot markets helped prevent a new low.

India recorded net outflows of $800 million in the current financial year starting April through the end of July 31 due to outflows in the debt segment, the RBI governor said in his monetary policy announcement.

The dollar eased against the euro on Tuesday after U.S CPI increased moderately in July, leaving intact the case for a Federal Reserve interest-rate cut next month.

The consumer price index rose 0.2% last month after gaining 0.3% in June, the Labor

Department's Bureau of Labor Statistics said on Tuesday. In the 12 months through July, the CPI advanced 2.7% after rising 2.7% in June against Reuters had forecast the CPI rising 0.2% and increasing 2.8% y-o-y.

The euro erased earlier losses against the buck to trade up 0.06% at $1.16235. The greenback pared gains against the yen to trade 0.17% higher at 148.390 yen .

Markets are now pricing an 95% chance the Fed will ease rates by a quarter-point next month owing to the weaker than expected jobs data, according to CME's FedWatch, with just under 60 basis points worth of cuts expected by December, implying two 25 basis point cuts and a 40% chance of a third. Markets are pricing in a cumulative 14 basis point decline in ECB rates by the end of 2026, with hikes expected in late 2026 and 2027, compared to expectations of 130 basis points in Fed rate cuts in the same time frame.

Cryptocurrency bitcoin> was about flat around $119,395, after climbing as high as $122,308.25 on Monday, taking it close to the all-time peak of $123,153.22 from mid-July.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

New Loans	CNY	305B	2240B	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	87.78	87.30	86.50	88.0	88.60	BULLISH
EURINR FUTURE	101.97	101.40	100.50	102.75	103.50	BULLISH
GBPINR FUTURE	118.14	117.50	116.50	118.50	119.30	BULLISH
JPYINR FUTURE	59.37	58.90	58.30	60.0	60.60	SIDEWAYS

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