

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on Wednesday, to mark best daily gain over a month thanks to broad dollar weakness as dollar index tumble towards 2-week low added by recovery in equity market and fall in Crude oil prices support rupee against trade tension & geopolitical uncertainty.

The rupee at NSE Future 26 Aug-25. ended higher by 27 paise at 87.51 against previous close of 87.78 and after make low of 87.40 and high of 87.77. most Asian currencies advanced, with the Indonesian rupiah and the Malaysian ringgit up 0.6% and 0.5%, respectively, and the South Korean won rising 0.5%.

U.S. inflation data released on Tuesday showed consumer prices rose modestly in the world's largest economy in July, with impact from recent tariffs staying limited and bolstered hopes of a Federal Reserve rate cut in September, weighing on the dollar.

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 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.

A Reserve Bank of India committee has recommended a framework for developing AI capabilities for the country's financial sector, while safeguarding it against associated risks, according to a report released on Wednesday. The committee has recommended setting up a digital infrastructure to help build indigenous AI models and a multi-stakeholder standing committee to evaluate risks and opportunities. It also suggested building a fund to incentivise the development of homegrown AI models tailored for the needs of India's financial services sector.

The dollar slipped for a second straight session on Wednesday, a day after a U.S. inflation reading increased expectations of a Federal Reserve rate cut next month and renewed pressure from President for lower rates added to the sell-off.

On Wednesday, Treasury Secretary Scott Bessent called for a "series of rate cuts," and said the Fed could kick off the policy rate easing with a 50 basis point cut. The day

before, U.S. President Donald Trump, who has repeatedly criticised Fed Chair Jerome Powell for not easing rates sooner, had added to the pressure on the Fed.

The dollar index, fell 0.2% to 97.856, its lowest since July 28, extending its 0.5% drop on Tuesday.

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.

In cryptocurrencies, ether rose about 3% to touch a near four-year high of \$4,748.77, before paring gains to trade up about 2% at \$4,705.67.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
GDP m/m	GBP	0.2%	-0.1%	HIGH

PPI m/m	USD	0.2%	0.0%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	87.51	87.30	86.50	88.0	88.60	SIDEWAYS
EURINR FUTURE	102.60	101.40	100.50	103.0	103.80	BULLISH
GBPINR FUTURE	118.72	117.70	117.0	119.0	119.80	BULLISH
JPYINR FUTURE	59.61	58.90	58.30	60.0	60.60	SIDEWAYS

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