

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end little change on Thursday, in a high volatile week when heavy intervention from central bank, as pressure seen from dollar demand from importer bank & gain in dollar index after US president going to announce reciprocal tariff plan while some support seen in from gain in Asian peers and continue to RBI intervention to prevent rupee from sharp fall.

The rupee at NSE Future 25 Feb-25. ended gain by 4 paise at 87.0 against previous close of 87.04 and after make low of 86.85 and high of 87.04. The Thai baht and South Korean won were up 0.9% and 0.6%, respectively, amid a rise in Asian currencies on bets that the war in Ukraine was nearing an end after Trump held separate talks with the presidents of Russian and Ukraine.

The Rupee Spot has traded in a wide 1.50-rupee band between 86.50 and nearly 88 so far this week. India's sluggish economic growth, the recent RBI interest rate cut, foreign outflows from local stocks and uncertainty around U.S. President Donald Trump's stance on tariffs have spurred bearish bets on the rupee. Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record.

The Reserve Bank of India will conduct a 49-day variable rate repo for 750 billion rupees (\$8.63 billion) on Friday, it said after market hours. The RBI had doubled the quantum of government bonds it aims to buy in an open market operation to 400 billion rupees. On Wednesday, the central bank also announced an overnight repo auction worth 2.75 trillion rupees, which is the highest quantum for such operations since it started conducting these a month ago. Over the last one month, the central bank has infused more than 1.50 trillion rupees through a combination of bond purchases, dollar/rupee buy/sell swaps and a 56-day repo.

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.

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 dollar slipped on Thursday after components of January's producer price report indicated that core PCE inflation, the Federal Reserve's preferred inflation measure, is likely to be lower than previously thought when it is released later this month.

U.S. President Donald Trump discuss the war in Ukraine on Wednesday in phone calls with Russian President Vladimir Putin and Ukrainian President Volodymyr Zelenskiy, the new U.S. president's first big step towards diplomacy over a war he has promised to end.

The dollar index was last down 0.45% on the day at 107.40. The euro gained 0.5% to \$1.0434. The Japanese yen strengthened 0.56% against the greenback to 153.56 per dollar. The euro was also boosted on optimism that Russia and Ukraine could reach a peace deal.

Futures traders are now pricing in around 31 basis points of cuts by December, up from around 29 basis points before Thursday's data, but down from 37 basis points before the CPI data was released on Wednesday. Money markets now price in around 67 basis points of further BoE easing by the end of the year.

In cryptocurrencies, bitcoin fell 1.44% to \$96,272.53.

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

Indicator	Currency	Forecast	Previous	Impact
Retail Sales m/m	USD	-0.2%	0.4%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	87.0	86.50	86.0	87.60	88.20	SIDEWAYS
EURINR FUTURE	90.75	90.10	89.50	91.40	92.0	SIDEWAYS
GBPINR FUTURE	108.70	108.0	107.10	108.80	109.90	SIDEWAYS
JPYINR FUTURE	56.96	56.80	56.30	57.30	58.20	BEARISH

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