

KEY HEADLINES:

The Indian rupee spot against the US dollar rebound sharply from all time low to mark best daily gain over 7-months on Wednesday, thanks to fall in dollar index as well stable US Bond yield while dollar sales from foreign bank and rebound in equity market buyout rupee from previous day life time lower level. However rupee likely to remain under pressure on outflow concern after FII sell off added by trade deficit and strong greenback ahead of new elected US president take charge next week.

Domestic currency has declined over 2% since December & 3% since Donald Trump's victory in the U.S. Presidential elections in November, on worries over slowing growth and expectations that central bank may cut rates as soon as February added by wider trade deficit. Rupee drop to 86 from 85 in less than 1-month.

With US elected president set to step back into the White House next week, the focus has been on his policies that analysts expect will boost growth and price pressures.

The rupee at NSE Future 29 Jan-25. ended gain by 19 paise at 86.50 against previous close of 86.69 and after make low of 86.41 and high of 86.66. Asian currencies were mostly rangebound ahead of a closely watched U.S. consumer inflation report.

India posted a narrower-than-expected merchandise trade deficit in December at \$21.94 billion on Wednesday, while lowering its import figures for April-November following an unprecedented miscalculation in gold shipments. Merchandise exports stood at \$38.01 billion in December, while imports stood at \$59.95 billion, government data showed. The trade ministry has yet to release the revised figures for November, which had over-counted gold imports by \$5 billion, boosting the trade deficit to a record high. According to a Reuters calculation, the April-November trade deficit was revised down by \$13.59 billion to \$188.83 billion. In December, India imported \$4.7 billion worth of gold and \$15.2 billion worth of oil.

Foreign investors are exiting their Indian investments and have sold over \$4 billion of domestic stocks and bonds in January so far.

In 2025, traders will keep an eye on potential U.S. trade tariffs which may dampen the outlook for emerging market currencies, especially the Chinese Yuan. India's growth trajectory and FPI funds flow will be the other key variable alongside any potential changes in RBI's forex strategies under the new governor.

For India, between now and the next rate meeting in February, the new Governor's views on liquidity, currency management and macro-prudential measures will be watched closely.

The dollar weakened against major peers on Wednesday after cooler-than-expected data eased fears that inflation was accelerating and increased the chances the Federal Reserve could cut interest rates twice this year.

The Bureau of Labor Statistics showed consumer prices rose 2.9% in the 12 months through December, in line with economists' expectations. Core inflation, which excludes food and energy prices, came in as expected, but lower than the previous month.

The dollar index, which measures the greenback against six other units, fell 0.2% to 109.02, pulling it further away from the 26-month high of 110.17 it reached on Monday. Meanwhile the dollar was last down 1% on the Japanese yen at 156.41 yen. The British pound was up 0.3% at \$1.2247 against the dollar in the U.S. morning session. Elsewhere, the euro slipped 0.1% to \$1.0299 .

The U.S. rate futures market has priced in a 93% chance of a pause in rate cuts this month, and a 6.9% probability of easing, according to LSEG estimates. Rate futures have also implied just one rate cut this year of 25 basis points. Traders anticipate deep interest rate cuts from the European Central Bank in 2025, with markets pricing in at least four 25-basis-point cuts, while not being certain of even two such moves from the Fed.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
GDP m/m	GBP	0.2%	-0.1%	HIGH
Retail Sales m/m	USD	0.6%	0.7%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 29 Jan 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.50	86.30	85.80	86.90	87.50	BULLISH
EURINR FUTURE	89.16	88.30	87.50	89.30	90.0	BEARISH
GBPINR FUTURE	105.73	105.0	104.10	106.20	106.80	BEARISH
JPYINR FUTURE	55.52	54.75	54.0	55.70	56.40	BULLISH

Technical Research Analyst

Vibhu Ratandhara

Disclosure:

M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation

of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd operates under the regulation of SEBI Regn No. INH100001666 and research analyst engaged in preparation of report

Disclaimer:

This research report has been published by M/s. Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently sent or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as

up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of M/s. Bonanza portfolio Ltd shall be liable. Research report may differ between M/s. Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the Subject Company or third party in connection with the research report

M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:
<https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186