

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on Tuesday, tracking gains in Asian peers & tick down dollar index ahead of key U.S Inflation numbers, while rebound in equity market & fall in Crude oil prices offer support rupee after last few days fall.

The rupee at NSE Future 29 July-25. ended gain by 14 paise at 85.88 against previous close of 86.02 and after make low of 85.78 and high of 86.09. most Asian currencies rising, while the offshore Chinese yuan was little changed..

India is among the few large U.S. trade partners that have not yet received a tariff letter. Indian negotiators are expected to head back to the U.S. soon for another round of talks, centred on disagreements over auto components, steel and farm goods.

India's merchandise trade deficit narrowed in June due to a sharp fall in imports, even as the value of exports slipped to a seven-month low following a drop in global commodity prices, data released on Tuesday showed. The exports to the United States, India's biggest trading partner, however, rose 23.53% year-on-year in June to \$8.27 billion, defying higher tariffs since April. The trade deficit stood at \$18.78 billion in June, lower than economists' expectations of \$22.24 billion and against \$21.88 billion in the previous month. Goods exports fell to \$35.14 billion in June, down 9% from May and nearly flat from a year earlier. The figure was the lowest since November's \$32.11 billion, according to LSEG data. Imports dropped to \$53.92 billion from \$60.61 billion in May and \$56 billion in June 2024. For April-June, goods exports rose to \$112.17 billion from \$110.06 billion a year earlier, while imports climbed to \$179.44 billion from \$172.16 billion in the year-ago period. Despite a higher base tariff on Indian goods exported to the U.S. of 10%, exports continued to rise.

India's unemployment rate remained steady at 5.6% in June compared to the previous month, helped by a fall in joblessness in rural areas, the statistics ministry said on Tuesday. The unemployment rate in June among the 15 years and above age group in rural parts of the country fell to 4.9% from 5.1%, while it rose in urban areas to 7.1% from 6.9% in May, according to the data. The unemployment rate among urban youth aged 15-to-29 years rose to 18.8% in June from 17.9% in May. In April, it stood at 17.2%. In rural areas, the youth jobless rate increased to 13.8% from 13.7% in the previous month. It stood at 12.3% in April.

The U.S. dollar's share of global currency reserves reported to the International

Monetary Fund nudged lower to 57.7% in the first quarter of 2025 while the share of euro-denominated reserves gained, International Monetary Fund data showed. Shares of global currency reserves held in the greenback stood at 57.8% at the end of 2024, while the share of euros gained from 19.8% to 20.1% - their highest since late 2022, according to the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER) data released on Wednesday. But it was the Swiss franc which saw the most dramatic increase, quadrupling its share to 0.8% of reserves by end-March - the highest level since at least 1999 when the euro was introduced - while the share of pound sterling also rose.

The dollar reached a 15-week high against the Japanese yen on Tuesday as U.S. consumer prices increased by the most in five months in June, while traders also pared expectations on how many times the Federal Reserve is likely to cut interest rates this year. U.S. President Donald Trump's tariff policies are seen as increasing price pressures and keeping the Fed on hold as policymakers wait to see their impact. Fed Chair Jerome Powell has said he anticipated prices will rise this summer.

The euro was last down 0.51% on the day at \$1.1603, the lowest since June 25. Against the Japanese yen, the dollar strengthened 0.77% to 148.84, the highest since April 3. Sterling weakened 0.28% to \$1.3389, the lowest since June 23.

Bitcoin fell 3.04% to \$116,571. It hit a record \$123,153 on Monday as investors bet on long-sought policy wins for the industry this week, which has been dubbed "crypto week" by U.S. Republicans.

Market expectations that the Fed will leave rates unchanged at its July meeting rose to a 95% probability, according to the CME's Fedwatch tool, while a cut by September has a 60% probability, according to the CME Group's FedWatch Tool. In total, traders see 44 basis points of cuts by year-end, indicating a potential third 25-basis point reduction, up from 48 basis points last week.



Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
CPI y/y	GBP	3.4%	3.4%	HIGH
PPI m/m	USD	0.2%	0.1%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.88	85.50	85.25	86.30	87.10	BULLISH
EURINR FUTURE	100.41	100.20	99.50	101.0	101.50	SIDEWAYS
GBPINR FUTURE	115.57	115.40	114.50	116.20	117.0	BEARISH
JPYINR FUTURE	58.57	58.50	57.90	59.30	59.80	BEARISH

Technical Research Analyst

Vibhu Ratandhara

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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