

KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Thursday, pressure by dollar demand from foreign banks, but pared losses after U.S President said India offered Zero tariff trade deal to U.S and expected inflows after sharp rally in equity market added by subdued dollar index and fall in Crude oil prices.

India's benchmark equity indexes, the BSE Sensex and NSE Nifty 50, rose about 1.5% with sentiment boosted by Trump's remarks. The United States is India's largest trading partner, with bilateral trade totalling some \$129 billion in 2024.

The rupee at NSE Future 28 May-25. ended lower by 17 paise at 85.54 against previous close of 85.37 and after make low of 85.38 and high of 85.79.

India's unemployment rate among individuals aged 15 years and above stood at 5.1% in April, the country's ministry of statistics said in a statement on Thursday. This is the first of what will be India's monthly labour force data reports, which will cover both urban and rural areas. Previously, the government published quarterly and annual employment statistics for urban and rural areas respectively. The official unemployment rate for April is lower than the 7.73% unemployment rate as measured by private forecaster Centre for Monitoring Indian Economy (CMIE), although the two data sets are not absolutely comparable. The official data pegs urban unemployment at 6.5% and rural unemployment at 4.5%.

India's merchandise trade deficit was at its widest in five months in April, according to government data released on Thursday, as imports of petroleum products jumped, limiting the impact of an increase in exports to the United States. India's April trade deficit at \$26.42 billion was higher than the \$20 billion expected by Reuters, and rose from \$21.54 billion in the previous month. Exports stood at \$38.49 billion in April, while imports were \$64.91 billion, compared with \$41.97 billion of exports and \$63.51 billion of imports in March. India's oil imports rose to \$20.72 billion in April from \$19 billion in March. Gold imports fell to \$3.1 billion in April from \$4.4 billion the previous month. The trade deficit was the highest since November 2024.

The U.S. dollar slipped on Thursday after a flurry of economic data, including a gauge of consumer health that showed retail spending slowed in April as an uncertain economic outlook weighed on sentiment.

The Commerce Department said retail sales edged up 0.1% last month after an upwardly revised 1.7% surge in March, compared with the expectation to remain unchanged after a previously reported 1.5% jump in March.

In a separate report, the Labor Department said the producer price index (PPI) for final demand dropped 0.5% last month after an upwardly revised unchanged reading in March.

In comments on Thursday, Fed Chair Jerome Powell did not focus on monetary policy or the economic outlook, but said central bank officials feel they need to reconsider the key elements around jobs and inflation in their approach to monetary policy given the inflation experience of the last few years.

The dollar index, which measures the greenback against a basket of currencies, fell 0.11% to 100.89 after falling as much as 0.43% on the session, with the euro up 0.02% at \$1.1176. Against the Japanese yen, the dollar weakened 0.73% to 145.68 while sterling strengthened 0.23% to \$1.329 after Britain's economy grew more strongly than expected in early 2025.

In light of the signs of easing trade tensions, markets have dialed back expectations for rate cuts from the U.S. Federal Reserve this year, pricing in a 75.4% chance for the first cut of at least 25 basis points (bps) at the central bank's September meeting, according to LSEG data. The prior view was for a likely cut in July.



Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Prelim UoM Consumer Sentiment	USD	53.1	52.2	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 28 MAY 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.54	84.90	84.25	86.0	86.80	BULLISH
EURINR FUTURE	95.86	95.40	94.90	96.25	97.0	SIDEWAYS
GBPINR FUTURE	113.76	112.80	111.80	114.10	115.0	SIDEWAYS
JPYINR FUTURE	58.75	58.15	57.80	59.0	59.60	BEARISH

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