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Daily Forex Insight

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on second day to hit 1-week high on Tuesday, after dollar index fall towards 2-month low & Euro near 4-year peak makles Asian peers also positive added by FED rate cut bet and likely central bank intervention after all time low hit few days ago. However gain seen limited on dollar idemand from importer banks & outflows concern with elevated Crude oil prices.

The rupee at NSE Future 26 Sep-25. ended gain by 10 paise at 88.13 against previous close of 88.23 and after make low of 88.05 and high of 88.23.

Key rate decisions in the U.S., Japan, the United Kingdom, Canada, and Norway are due this week, with the Federal Reserve's decision on Wednesday taking centre stage. While money markets have fully priced in a 25-basis-point rate cut by the Fed on Wednesday, investors will pay close attention to commentary from Chair Jerome Powell and policymakers' updated economic and benchmark policy rate projections.

Foreign investors have sold about $1 billion of local stocks over September so far on a net basis, taking the year-to-date outflow tally to about $16 billion.

Trade discussions between Indian and U.S. officials on Tuesday were "positive" and "forward-looking", India said, after President Donald Trump struck a more conciliatory tone following punitive tariffs on India over its Russian oil purchases. A U.S. delegation led by Brendan Lynch, Assistant U.S. Trade Representative for South and Central Asia, met Indian trade officials headed by Chief Negotiator Rajesh Agrawal in New Delhi. “It was decided to intensify efforts to achieve early conclusion of a mutually beneficial Trade Agreement,” India’s commerce ministry said in a statement, without giving details. Talks covered bilateral trade ties, including a possible India-U.S. trade deal, it added. Both sides are now expected to hold a formal sixth round of trade negotiations.

The dollar fell across the board on Tuesday, hitting a four-year low against the euro, as investors firmed bets for a Federal Reserve interest rate cut.

The euro rose by 0.9% higher to $1.1867, its highest level since September 2021. The U.S. dollar index , which tracks the dollar against a basket of six major currencies, was 0.7% lower at 96.636, its lowest since July 1.

The dollar got little relief from data on Monday that showed U.S. retail sales increased more than expected in August. Investors remain concerned about U.S.

economic growth amid labor market weakness and rising goods prices because of tariffs on imports.

Against the yen, the dollar slipped to a one-month low and was last trading down 0.7% to 146.35, ahead of the Bank of Japan policy meeting on Friday, with money markets expecting the central bank to keep rates at 0.5%.

Markets are now pricing an 97% chance the Fed will ease rates by a quarter-point next month from 95% last week before PPI numbers, 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.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

CPI y/y	GBP	3.8%	3.8%	HIGH
Federal Funds Rate	USD	4.25%	4.50%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	88.13	88.0	87.35	88.60	89.20	BULLISH
EURINR FUTURE	104.13	103.50	102.60	104.25	105.20	BULLISH
GBPINR FUTURE	120.22	119.60	119.0	120.30	121.0	BULLISH
JPYINR FUTURE	60.05	59.90	59.20	60.80	61.50	BULLISH

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