

KEY HEADLINES:

The Indian rupee against the US dollar end lower on Wednesday pressure by recovery in dollar index which scale fresh 1-mnth high after US retail sales data and likely to dollar outflow after fall in domestic equity market pressure domestic currency at higher level. All this added by weak China data, ECB as well FED likely to delay rate cut support dollar index as well treasury yield and pressure rupee.

The rupee at NSE Future 29 Jan. ended down by 1 paise at 83.17 against previous close of 83.16 and after make low of 83.10 and high of 83.21. Most Asian currency seen fall with Korean won fall most by almost 0.90%.

Investors are betting that India's rupee will break out of its narrow range and rally this year, and are expressing that view via currency options.

Foreign portfolio investors (FPI) made record monthly purchases of Indian equities totalling 661.35 billion rupees (\$8 billion) in December, NSDL data shows, but the rupee was unable to gain much as the Reserve Bank of India likely stepped in to absorb large inflows. FPIs bought shares worth 427.33 billion rupees in the first half of December, marking a fortnightly record, driven by lower U.S. bond yields amid expectations of interest rate cuts by US FED.

Foreign investment in Indian government bonds saw a remarkable jump in the last three months of 2023, with JPMorgan's decision to add the debt to its indexes boosting inflows to a six-year high. Overseas investors net bought government bonds worth 350 billion rupees (\$4.2 billion) in October-December, pushing the full-year tally to 598 billion rupees, the highest since 2017, clearing house data showed.

The dollar index hit a fresh one-month high on Wednesday after U.S. retail sales data indicated the economy remained on solid footing, denting the market outlook for any potential rate cuts from the Federal Reserve.

The dollar index which tracks the greenback against a basket of currencies of other major trading partners, was up 0.21% at 103.51, after climbing to 103.68, its highest since Dec. 13. The greenback jumped 0.67% jump on Tuesday, it's biggest one-day percentage climb since Jan. 3, driven higher in part by comments from Fed Governor Christopher Waller. The dollar touched 148.47 against the rate-sensitive Japanese yen , its highest since Nov. 30, and was last up 0.67% at 148.17. The greenback also hit a two-month high of 7.2321 against China's offshore yuan . The euro was down 0.14% to

\$1.0859 against the dollar, on the heels of a 0.67% drop in the prior session, even as European Central Bank (ECB) policymakers try to dispel expectations of looming rate cuts.

US retail sales rose 0.6% last month after an unrevised 0.3% gain in November, the Commerce Department's Census Bureau said. Economists polled by Reuters had forecast retail sales gaining 0.4%.

Markets still see the Fed's first downward move in rates likely to come in march, expectations for a cut of at least 25 basis points (bps) are down to 57.1%, according to CME's FedWatch Tool, from 65.1% on Tuesday.

In cryptocurrencies, Bitcoin was down 1.27% to \$42,584.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Building Permits	USD	1.47M	1.47M	HIGH

ECB President Lagarde Speaks	EUR			HIGH
WEF Annual Meetings				

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.17	82.80	82.30	83.25	83.55	BEARISH
EURINR FUTURE	90.49	90.30	89.90	90.95	91.40	BEARISH
GBPINR FUTURE	105.46	104.80	104.40	105.80	106.50	SIDEWAYS
JPYINR FUTURE	56.43	56.30	55.70	57.10	57.60	BEARISH

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