

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end higher on Monday, for 3<sup>rd</sup> consecutive daily gain thanks to dollar sales by foreign banks added by fall in dollar index towards 5-month low outpace Asian peers and continue likely central bank intervention at every fall. However, strength seen limited due to outflow concern after fall in domestic equity market and growth concern along with reciprocal tariff threat will likely to keep rupee under check at every gain.

The rupee at NSE Future 26 Mar-25. ended higher by 26 paise at 86.87 against previous close of 87.13 and after make low of 86.86 and high of 87.03.

The week is packed with central bank meetings, including the Federal Reserve, the Bank of Japan and the Bank of England, all of which are widely expected to hold fire as policymakers try to see through the current economic uncertainty.

A broadly weaker dollar has also helped lift the rupee by about 0.8% so far in March, although the local unit has lagged most of its regional peers this month. Other side, exporters are likely to stay active in the run-up to the end of India's financial year on March 31.

India's wholesale inflation in February rose to 2.38% y-o-y, slightly above 2.31% in January as a slowing food price increase was offset by a narrower drop in fuel prices and against Reuters forecasted to 2.36%, government data released on Monday showed.

India's merchandise trade deficit in February narrowed sharply to \$14.05 billion, the lowest level in more than three years, as imports fell amid rising global uncertainty. February imports were the lowest since April 2023 and the trade deficit was lower than the latest figure in August 2021.

Reciprocal U.S. trade tariffs proposed by President are unlikely to have a significant negative bearing on the rupee, the head of global foreign exchange at Jefferies said. Analysts reckon the levies may hamper exports such as petrochemicals and pharmaceuticals, which make up about one-fifth of India's exports to the U.S. India charged a weighted average tariff of about 11% in 2023, around 8.2 percentage points higher than U.S. tariffs on Indian exports, according to estimates from Citi.

The dollar hovered near a five-month low against the euro on Monday as investors worried about the economic fallout from U.S. President Donald Trump's protectionist

trade policies. The euro, which has advanced in recent sessions, lifted by hopes of a german fiscal deal, was 0.2% higher at \$1.0906. The common currency was just shy of \$1.0947 it hit last week, its highest since October 11. The reassessment of currency has prompted the dollar to retreat 6% against the euro since mid January.

The dollar found little support from a Commerce Department report on Monday that showed Retail sales rebounded moderately in February, after a revised 1.2% decline in January.

They see the euro at \$1.13 by year-end, up nearly 4% from current levels, and the yen at 139 per dollar, up about 7%. On Monday the dollar was 0.1% higher against the yen at 148.80 yen, not far from the five-month low of 146.52 touched last week.

On Sunday, China's State Council announced a "special action plan" to boost domestic consumption featuring measures including increasing residents' income and establishing a childcare subsidy scheme.

Markets are currently pricing in 85 bps of rate cuts from the U.S. Federal Reserve by the end of the year, with expectations for a cut of at least 25 bps not topping 50% until the June meeting. Money markets now price in around 67 basis points of further BoE easing by the end of the year. And Markets are now pricing in roughly another 37 basis points worth of increases by December from Bank of Japan.

In cryptocurrencies, bitcoin, the world's largest cryptocurrency by market cap, was about flat on the day at \$83,205.

### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact


### **Support Resistance Levels – Currency Future: ( NSE CUR - 26 Mar 25)**

Currency	LTP	S1	S2	R1	R2	Trend
<b>USDINR FUTURE</b>	<b>86.87</b>	<b>86.80</b>	<b>86.20</b>	<b>87.35</b>	<b>87.85</b>	<b>SIDEWAYS</b>
<b>EURINR FUTURE</b>	<b>94.81</b>	<b>94.55</b>	<b>94.0</b>	<b>95.40</b>	<b>96.0</b>	<b>BULLISH</b>
<b>GBPINR FUTURE</b>	<b>112.62</b>	<b>111.85</b>	<b>110.80</b>	<b>113.10</b>	<b>114.0</b>	<b>BULLISH</b>
<b>JPYINR FUTURE</b>	<b>58.32</b>	<b>58.30</b>	<b>57.40</b>	<b>58.90</b>	<b>59.60</b>	<b>BEARISH</b>

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