

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on second day, away from record low hit last week on Thursday, thanks to sharp intervention by central bank supported by weakness in dollar index. However, gain cap by increased hedging activity, uncertainty over trade deal and foreign outflows from equity as well bonds makes.

The rupee at NSE Future 29 Dec-25. ended gain by 17 paise at 90.33 against previous close of 90.50 and after make low of 90.10 and high of 90.52. The currency had dropped to its record low of 91.075 earlier this week as an elongated trade impasse with the U.S. and persistent portfolio outflows weighed on sentiment.

India signed an economic partnership agreement with Oman on Thursday to boost bilateral trade and investment as it seeks to expand Middle East ties and diversify trade to beat steep U.S. tariffs. Oman has offered zero-duty access on over 98% of its tariff lines, covering nearly all Indian exports, including gems and jewellery, textiles, pharmaceuticals and automobiles, the Indian trade ministry said in a statement. India, in turn, will cut tariffs on about 78% of its tariff lines, covering nearly 95% of imports from Oman by value. India and Oman have annual trade of more than \$10 billion.

U.S. consumer prices rose less than expected in the year to November, but households still faced affordability challenges as the costs of basic goods and services like beef and electricity soared, posing a political problem for President Donald Trump. The October CPI release was canceled because the data could not be collected retroactively. It was the first time the BLS did not publish monthly CPI rates. The CPI increased 2.7% on a year-over-year basis in November after advancing 3.0% in the 12 months through September.

The European Central Bank kept its policy rates steady on Thursday and revised upwards some of its growth and inflation projections, a move that probably closes the door to further cuts in borrowing costs in the near term. the ECB halve its policy rate from 4% to 2% in the year to last June.

The rupee is one of Asia's worst performers, having fallen over 6% against the dollar year-to-date, as steep U.S. tariffs of up to 50% on Indian goods crimp exports to its biggest market, taking the sheen off its equities for foreign investors.

In terms of portfolio outflows, India is one of the worst hit markets globally, with foreign investors' net selling of its stocks amounting to nearly \$18 billion so far this year. The

weakness in portfolio investment has also coincided with a slowdown in foreign direct investment, adding to the pressure.

The dollar lost ground against its major counterparts on Thursday after data showed a lower-than-expected rise in U.S. inflation, while sterling turned higher as a deeply divided Bank of England cut rates.

The dollar weakened 0.12% to 155.48 against the Japanese yen and was down 0.16% to 0.794 against the Swiss franc . The euro was last down 0.01% at \$1.173925 against the dollar. The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, was down 0.04% to 98.329.

The Bank of Japan is widely expected to raise interest rates on Friday, giving the yen an advantage over a dollar that could lose support if expected U.S. rate cuts emerge early next year. The Bank of England and European Central Bank are among central banks making monetary policy decisions this week. Markets have almost fully priced in a Bank of England cut as inflation finally shows signs of easing while the ECB is expected to leave rates unchanged.

Fed funds futures are pricing an implied 73.4% probability of a hold in rates at the U.S. central bank's next meeting on January 28, up from nearly 70% a week ago, according to the CME Group's FedWatch tool.

Economic Indicators to be released.

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	90.33	89.75	89.0	91.20	91.80	BULLISH
EURINR FUTURE	105.96	105.50	104.60	106.50	107.50	BULLISH
GBPINR FUTURE	120.71	120.40	119.60	121.40	122.30	BULLISH
JPYINR FUTURE	58.06	58.0	57.40	59.0	59.60	SIDEWAYS

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