

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher to hit 3-week high on Tuesday, for 4th consecutive daily gain & is up about 0.8% so far this month, boosted by likely dollar sales by foreign banks, weakness in dollar index towards 5-month low and rally in domestic equity support rupee in intra day trade. However, strength seen limited due to outflow concern after earlier 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 25 paise at 86.62 against previous close of 86.87 and after make low of 86.60 and high of 86.84.

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.

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 eased against the euro on Tuesday as Germany's parliament approved plans for a massive spending surge on Tuesday and as the Federal Reserve kicked off its March policy meeting that could offer clues to the path of U.S. interest rates.

The euro was 0.2% higher at \$1.0945, after hitting \$1.0954 earlier in the session, its highest since October 10. The greenback hit a two-week high against the yen before paring gains to trade about unchanged on the day at 149.165 yen, ahead of Wednesday's policy decision by the Bank of Japan.

The German parliament's approval of plans for a massive spending surge throws off decades of fiscal conservatism in hopes of reviving economic growth and scaling up

military spending for a new era of European collective defence.

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.

Bitcoin , the world's largest cryptocurrency by market cap, was down 2.5% at \$81,922.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
BOJ Policy Rate	JPY	0.50%	0.50%	HIGH
Federal Funds Rate	USD	4.50%	4.50%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.62	86.60	86.20	87.0	87.35	SIDEWAYS
EURINR FUTURE	94.75	94.55	94.0	95.40	96.0	BULLISH
GBPINR FUTURE	112.50	111.85	110.80	113.10	114.0	BULLISH
JPYINR FUTURE	57.80	57.30	56.50	58.20	58.90	BEARISH

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