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Daily Forex Insight

KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Thursday, pressure by weakness in Asian peers, gain in dollar index after FED cut rate and dollar demand from importer banks, however likely central bank intervention & tariff issue resolve hope prevent rupee from sharp fall.

The rupee at NSE Future 26 Sep-25. ended fall by 26 paise at 88.14 against previous close of 87.88 and after make low of 87.78 and high of 88.19. Most Asian currencies were down between 0.1% to 0.6%.

The U.S. may soon scrap the penal tariff imposed on Indian goods and could also lower the reciprocal tariff to 10-15% from the existing 25%, India's Chief Economist Adviser V. Anantha Nageshwaran said at an event on Thursday, shortly before spot currency trading closed.

India's net direct tax collections rose over 9% year-on-year to 10.8 trillion rupees from April 1 to Sept 17, the government said on Thursday. Direct taxes, which include corporate and personal tax, rose over 3% year-on-year to 12.4 trillion rupees on a gross basis during the period, the statement from the income tax department said. The government said it had issued tax refunds worth 1.6 trillion rupees during the period, 24% lower than last year.

The European Union must look to trade deals with countries like India to reduce dependencies, with higher U.S. import tariffs pushing the bloc to diversity its ties, European Commission President Ursula von der Leyen said on Thursday. "We are in talks with South Africa, Malaysia, the United Arab Emirates and others," she added.

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.

The U.S. dollar strengthened against most major currencies on Wednesday, a day after the Federal Reserve delivered an expected rate cut but signaled little urgency to lower borrowing costs quickly in the coming months.

The dollar dropped to the lowest since February 2022 at 96.224 against a basket of major peers immediately after the rate decision on Wednesday, but sprang back vigorously to trade up 0.5% at 97.412 on Thursday.

Meanwhile, the pound initially edged up after the BoE's decision, but gave up those gains to trade 0.5% lower on the day at $1.3563. Sterling had briefly leaped to the highest since July 2 at $1.3726 in the prior session.

BoE policymakers voted 7-2 to slow the annual pace at which the central bank unloads the gilts that it purchased from 2009 and 2021 to 70 billion pounds from 100 billion pounds, broadly in line with a Reuters poll median forecast for it to be cut to 67.5 billion.

The euro was 0.3% lower at $1.1780, after retreating from its highest level since June 2021 at $1.19185 on Wednesday in a knee-jerk reaction to the Fed announcement.

The Norwegian crown fell 0.6% against the dollar after the Norges Bank cut rates 25 basis points to 4.0%, its second cut in three months. The central bank signaled rates could continue to fall.

Elsewhere, the dollar was 0.7% firmer against the Japanese yen at 148.05 ahead of the Bank of Japan's policy decision on Friday.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

BOJ Policy Rate	JPY	0.5%	0.5%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	88.14	87.60	87.0	88.20	88.60	BULLISH
EURINR FUTURE	104.35	103.50	102.60	104.75	105.50	BULLISH
GBPINR FUTURE	120.25	119.60	119.0	120.40	121.20	BULLISH
JPYINR FUTURE	60.0	59.90	59.20	60.80	61.50	BULLISH

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