Date: 1 Oct 2025

# Daily Forex Insight

## KEY HEADLINES:

The Indian rupee spot against the US dollar ended lower to hit all time low and mark straight 5-monthly loss on Tuesday, pressure by tariff uncertainty, outflow concern after sell off in equity market, however likely central bank intervention offer support from sharp fall.

The rupee at NSE Future 29 Oct-25. ended fall by 7 paise at 88.97 against previous close of 88.90 and after make low of 88.83 and high of 88.98.

The currency fell 0.7% in September, posting its fifth consecutive monthly decline, and is down a cumulative 5% in last five months. The future trajectory of the rupee will be highly dependent on foreign fund flows, developments in the U.S.-India trade agreements, and the dollar's reaction to the U.S. government shutdown as well FED move on interest rates path.

Foreign investors have net sold nearly $2 billion of local stocks so far this month, pushing up year-to-date outflows to nearly $17 billion.

RBI is expected to leave policy rates unchanged next week, though some economists see a possible 25-basis-points cut to shield economic growth from slipping.

India's fiscal deficit in April-August was 5.98 trillion rupees ($67.34 billion) or 38.1% of the estimate for the financial year ending March 31, government data showed on Tuesday.

The Indian central bank has raised the limit for perpetual debt that banks can raise overseas and use as part of their core capital, according to a circular late on Monday. Perpetual debt is debt that does not have a maturity date. Perpetual debt issued in foreign currency or in Indian rupees overseas will be eligible for inclusion in banks' additional tier-1 capital of up to 1.5% of risk weighted assets, the RBI said. Additional tier-1 capital is the core capital of lenders.

India's trade pact with four European nations, including Switzerland and Norway, will take effect from Wednesday, boosting exports of textiles, leather and food products while attracting investments, a government statement said. Under the Trade and Economic Partnership Agreement, signed last March after nearly 16 years of negotiations, the European Free Trade Association - comprising Switzerland, Norway, Iceland and Liechtenstein - will cut tariffs on 92.2% of tariff lines for India, while New Delhi will offer concessions on 82.7% of tariff lines covering 95.3% of EFTA exports.

India recorded above-average rainfall during the June to September monsoon season for a second consecutive year in 2025, a senior weather department official told Reuters on Tuesday. The country received 8% more rainfall than average, boosted by heavy downpours in September, said the official with the state-run India Meteorological Department.

The U.S. dollar softened against most currencies except the yen on Tuesday ahead of a likely U.S. government shutdown that could disrupt the release of the monthly jobs report this week.

The logic is that a government shutdown could lead to a more dovish Fed. If a shutdown is brief, the Fed will ignore it. However, a prolonged shutdown (more than two weeks), increases the downside risk to growth and raises the likelihood of a more accommodative Fed."

The dollar index slid 0.2% to 97.756 , while the euro rose 0.1% to $1.1742. The pound was last flat at $1.3436 and a touch weaker against the euro , which was up 0.1% at 87.38 pence. The euro edged up 0.1% against the dollar to $1.174.

Money markets are currently pricing in a near-90% chance of a rate cut in October, down slightly from 92% a day earlier, per CME's FedWatch tool. Traders are currently pricing in 42 basis points of Fed easing by December and a total of 105 basis points by the end of 2026, about 25 bps less than levels seen in mid-September

## Economic Indicators to be released.

| Indicator | Currency | Forecast | Previous | Impact |
|---|---|---|---|---|
| | | | | |
| ISM Manufacturing PMI | USD | 49.0 | 48.7 | HIGH |
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## Support Resistance Levels - Currency Future: ( NSE CUR - 29 Oct 25)

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|---|---|---|---|---|---|---|
| USDINR FUTURE | 88.97 | 88.40 | 87.75 | 89.05 | 89.70 | BULLISH |
| EURINR FUTURE | 104.618 | 103.75 | 103.0 | 104.80 | 105.50 | BULLISH |
| GBPINR FUTURE | 119.55 | 119.20 | 118.70 | 120.20 | 121.0 | BULLISH |
| JPYINR FUTURE | 60.18 | 59.60 | 59.20 | 60.50 | 61.20 | BULLISH |

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