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Daily Forex Insight

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on Tuesday, to logs biggest daily gain over a month thanks to optimistic that U.S additional 25% tariff might ease after peace talk between U.S and other Russia as well other EU leaders added by subdued dollar index and fall in Crude oil prices along with inflows expectations after euity market rally since this week.

The rupee at NSE Future 26 Aug-25. ended higher by 35 paise at 87.05 against previous close of 87.40 and after make low of 86.95 and high of 87.35. Rupee appreciate by almost 80 paise in last 5-session from high of 87.80 to todays low below 87. Rupee also bolstered by growth optimism following New Delhi's proposal to cut tax rates.

India propose a two-rate structure of 5% and 18%, doing away with the 12% and 28% tax that was imposed on some items, a government official said on Friday, after Modi announced the reforms. The tax cuts are expected to boost consumption in India's economy, with steep U.S. tariffs threatening economic growth, dragging the rupee and dampening the foreign investor appetite for local equities.

Other side, the tax cuts, coupled with faint hopes of progress on a Russia–Ukraine deal, could encourage foreign investors back into Indian equities, lending support to the rupee

The dollar was mixed on Tuesday as traders awaited the Federal Reserve's Jackson Hole Economic Policy Symposium later this week for further clues on U.S. interest rate policy.

A speech on Friday by Fed Chair Jerome Powell is this week's main focus, with little major economic data to drive market direction. Traders are tuned into whether Powell will push back against market pricing of a rate cut in September.

The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, was last up 0.15% on the day at 98.27, with the euro down 0.12% at $1.1646. Against the Japanese yen , the dollar weakened 0.22% to 147.54. In other currencies, sterling slipped 0.16% to $1.348. The Aussie dropped 0.62% to $0.6451, the weakest since August 5.

Markets are now pricing an 83% chance the Fed will ease rates by a quarter-point next month from 95% last week before PPI numbers, according to CME's FedWatch, with just under 60 basis points worth of cuts expected by December, implying two 25 basis point cuts and a 40% chance of a third. Markets are pricing in a cumulative 14 basis point decline in ECB rates by the end of 2026, with hikes expected in late 2026 and 2027, compared to expectations of 130 basis points in Fed rate cuts in the same time frame.

In cryptocurrencies, bitcoin fell 2.88% to $113,112.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
	USD			HIGH

FOMC Meeting Minutes				

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	87.05	86.90	86.30	87.50	88.0	SIDEWAYS
EURINR FUTURE	101.78	101.50	100.60	102.30	103.70	SIDEWAYS
GBPINR FUTURE	117.70	117.50	116.60	118.40	119.10	SIDEWAYS
JPYINR FUTURE	59.08	58.90	58.20	59.60	60.10	SIDEWAYS

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