

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end lower on Tuesday, tracking fall in most Asian peers, dollar demand by the maturity of position in the NDF market added by outflow concern after sell off in equity market. However, lower level support seen from fall in dollar index and likely central bank intervention to prevent rupee from sharp fall.

The rupee at NSE Future 25 Feb-25. ended down by 5 paise at 87.0 against previous close of 86.95 and after make low of 86.95 and high of 87.03. The offshore Chinese yuan fell 0.2% to 7.2808 while the dollar index rose to just shy of the 107 handle.

India's sluggish economic growth, the recent RBI interest rate cut, foreign outflows from local stocks and uncertainty around U.S. President Donald Trump's stance on tariffs have spurred bearish bets on the rupee. Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record.

RBI is scheduled to buy bonds worth 400 billion rupees on Thursday. Over the past month, the central bank has infused 2.68 trillion rupees (\$30.88 billion) into the banking system. This includes 600.20 billion rupees of open market bond purchases, 388.15 billion rupees of secondary bond purchases, around 440 billion rupees via a dollar/rupee swap and 1.25 trillion rupees through a long-term repo.

Other side, Foreign investors have sold nearly \$12 billion of local stocks and bonds, on a net basis, this month. The BSE Sensex and Nifty 50, India's benchmark equity indexes, are on a 4-month losing streak, set for their worst such run in 23 years as weak earnings, foreign outflows and economic uncertainty have taken the wind out of the sails of a market that hit record highs just four months back.

The minutes of the FED lat meet and RBI's policy meeting, due on Thursday & Friday, will provide more cues.

Safe-haven currencies led by the U.S. dollar and yen gained on Wednesday, as market jitters escalated amid the latest round of tariff threats from U.S. President Donald Trump and contentious talks to end the Russia-Ukraine war. The greenback rose against currencies that investors buy when risk appetite is high such as the euro, sterling, the Australian and Canadian dollars and those in emerging markets like the Mexican peso. The yen, on the other hand, advanced against most major currencies like the dollar, euro, Swiss franc, and sterling.

The dollar index , which essentially is a reverse proxy for the euro because the latter is the largest component of the index, last stood at 107.15, up 0.1%, after dropping 1.2% last week. The dollar was down 0.4% against the yen at 151.42 , with the euro also dropping 0.6% to 157.87 yen. The euro, meanwhile, slipped 0.2% versus the dollar to \$1.0425.

UK inflation sped up by more than expected to hit a 10-month high of 3.0% in January and is likely to rise further, testing the Bank of England's confidence price pressures will ease over the longer term.

Elsewhere, the Reserve Bank of New Zealand reduced its benchmark rate by 50 basis points to 3.75% as widely expected and signaled future moves would likely be smaller. The latter was enough to boost the New Zealand dollar, which was last up 0.3% at US\$0.5721.

Futures traders are now pricing in around 39 basis points of cuts by December from US FED, up from around 29 basis points before last week data, but down from 37 basis points before the CPI data was released earlier. 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.

### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Unemployment Claims	USD	214K	213K	HIGH

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### **Support Resistance Levels – Currency Future: ( NSE CUR - 25 Feb 25)**

Currency	LTP	S1	S2	R1	R2	Trend
<b>USDINR FUTURE</b>	<b>87.0</b>	<b>86.50</b>	<b>86.0</b>	<b>87.60</b>	<b>88.20</b>	<b>SIDEWAYS</b>
<b>EURINR FUTURE</b>	<b>91.03</b>	<b>90.80</b>	<b>90.30</b>	<b>91.40</b>	<b>92.0</b>	<b>SIDEWAYS</b>
<b>GBPINR FUTURE</b>	<b>109.58</b>	<b>108.80</b>	<b>108.0</b>	<b>110.0</b>	<b>110.80</b>	<b>BULLISH</b>
<b>JPYINR FUTURE</b>	<b>57.63</b>	<b>57.20</b>	<b>56.80</b>	<b>57.80</b>	<b>58.25</b>	<b>BULLISH</b>

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