

## **KEY HEADLINES:**

The Indian rupee against the US dollar ended sharply lower on Tuesday due to funds outflow fear after fall in domestic equity market added by rally in crude oil and firm dollar index makes domestic Currency under pressure.

The Reserve Bank of India (RBI) has been absorbing dollars in the spot market amid persistent foreign inflows in the country's debt and equity markets, which has capped gains in the rupee over the last few trading sessions.

The rupee at NSE Future 28 Mar. ended sharply lower by 12 paise at 83.06 against previous close of 82.94 and after make low of 82.95 and high of 83.08.

The Indian currency has been a beneficiary of persistent foreign inflows in the country's debt and equity markets but dollar purchases from importers and possible intervention by the central bank have limited gains.

Bloomberg Index Services said it will include 34 Indian government bonds that are open for investment under the country's fully accessible route in its emerging market local currency indexes from January 2025. The announcement follows JP Morgan's decision to add Indian government bonds in its Government Bond Index-Emerging Markets from June 2024.

The yen tumbled to a four-month low on Tuesday after the Bank of Japan's momentous, widely anticipated decision to end its negative interest rate policy, while the dollar strengthened ahead of the Federal Reserve's latest outlook for rates.

In a historic shift from decades of massive monetary stimulus, the Japanese central bank ended eight years of negative interest rates and other remnants of unorthodox economic policy after a two-day meeting of policymakers. With Japan's first rate hike in 17 years, the BOJ said it would guide the overnight call rate - its new policy rate - in a range of zero to 0.1%, adding it expected "accommodative financial conditions" to be maintained for the time being.

The yen was last down 1.19% at 150.91 to the dollar. Against the euro, the Japanese currency similarly slid 1.1% to 163.99, also its weakest in four months. The dollar index, which measures the performance of the U.S. currency against six others, is around its highest in two weeks, up 0.33% on the day at 103.90. The euro was last down 0.08% at

\$1.0863, while sterling fell 0.2% to \$1.2723.

The U.S. central bank's policy meeting is set to run from March 19-20 and while the market is not expecting any change in interest rates, investors will be closely watching for revisions to the dot plot.

In addition to Japan and the United States, central banks in Britain, Australia, Norway, Switzerland, Mexico, Taiwan, Brazil and Indonesia are all due to meet this week.

Traders are pricing in a 51% probability the Fed will begin cutting rates in June, down from 61% week ago, according to the CME Group's FedWatch Tool. The market has also factored in two more cuts of 25 basis points each for the year, taking down the fed funds rate to 4.46% by the end of 2024.

In cryptocurrencies, bitcoin fell as much as 7% to skim two-week lows, after last week's record highs triggered some profit taking. Bitcoin, the largest cryptocurrency by market value, was last down 4.07% at \$62,624.

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

Indicator	Currency	Forecast	Previous	Impact
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CPI y/y	GBP	3.5%	4.0%	HIGH
Federal Funds Rate	USD	5.50%	5.50%	HIGH
FOMC Press Conference	USD			HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.06	82.70	82.0	83.50	84.0	SIDEWAYS
EURINR FUTURE	90.12	89.75	89.20	90.90	91.60	BEARISH
GBPINR FUTURE	105.35	105.20	104.75	105.95	106.35	BEARISH
JPYINR FUTURE	55.38	55.30	54.70	55.85	56.30	BEARISH

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