

## KEY HEADLINES:

The Indian rupee spot against the US dollar end almost flat on Wednesday, away from trading near all time low level through last week, as on one side support seen from expected inflows after robust IPO response, likely central bank intervention and fall in Crude prices make rupee attractive. While other side upside seen cap from firm dollar index and trade uncertainty.

The rupee at NSE Future 26 Nov-25. ended gain by 2 paise at 88.60 against previous close of 88.62 and after make low of 88.44 and high of 88.63. The rupee had hit its all-time low of 88.80 in late-September.

A divided Federal Reserve cut interest rates last month even as policymakers cautioned that lower borrowing costs could risk undermining the fight to quell inflation that has been above the U.S. central bank's 2% target for four and a half years, the minutes from the October 28-29 meeting showed on Wednesday. "Many participants were in favor of lowering the target range for the federal funds rate," the minutes stated, while noting that some members of that group also would have been satisfied with leaving rates steady. Several others opposed the rate cut outright, and "expressed concern that progress toward the Committee's 2% inflation objective had stalled ... while also noting that longer-term inflation expectations could rise should inflation not return to 2% in a timely manner." In addition, "most participants noted that ... further policy rate reductions could add to the risk of higher inflation becoming entrenched or could be misinterpreted as implying a lack of policymaker commitment to the 2% inflation objective," the minutes added. The Fed's rate-setting committee voted 10-2 at the meeting to cut the benchmark interest rate by a quarter of a percentage point to the 3.75%-4.00% range, with the two dissents unusually split in favor of both tighter and looser monetary policy.

For now, keeping a close eye on the ongoing U.S.-India trade negotiations, and reckon that a breakthrough could spark foreign portfolio flows into local stocks and help the rupee rebound from near record-low levels. New Delhi and Washington could soon agree to "address reciprocal tariffs," as part of the first part of an agreement, an Indian trade official said on Monday.

Foreign portfolio investors' ownership in companies listed on India's National Stock Exchange has declined to just under 17%, the lowest in over 15 years, per a note from

the exchange on Thursday.

The dollar rose against the yen on Wednesday, with the Japanese currency falling to a 10-month low after Finance Minister Satsuki Katayama said Japan's new government was closely monitoring markets. The greenback was stronger against most major peers like the euro and sterling as traders consolidated ahead of the release of the Federal Reserve's October meeting minutes. Traders are hoping it and the upcoming non-farm payrolls will provide clues about the potential for an interest-rate cut next month.

The yen fell 0.62% to 156.50, after hitting its lowest against the dollar since January. The dollar index , which measures the greenback's strength against a basket of six currencies, edged 0.45% higher at 100.03. The euro fell 0.35% to 1.154.

In Britain, consumer price inflation fell to 3.6% in October, from September's joint 18-month high of 3.8%, as expected by the BoE and economists polled by Reuters, official figures showed on Wednesday. UK inflation data cemented expectations that the BoE could cut interest rates in December.

Despite latest guidance by FED, money markets are currently pricing in a 48% chance of 25 basis point rate reduction in December, according to CME's FedWatch tool.

### Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
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