

KEY HEADLINES:

The Indian rupee spot against the US dollar end sharply higher towards 2-month high on Wednesday thanks to US FED cut 50 basis point overnight which could encourage funds flow into domestic market benefit rupee added by fall in dollar index and gain in Asian peers especially China Yuan supports rupee against dollar demand from importers cap some gain.

The rupee at NSE Future 26 Sep. ended higher by 12 paise at 83.69 against previous close of 83.81 and after make low of 83.59 and high of 83.78. Asian currencies gained, with the offshore Chinese yuan, a closely watched peer of the rupee, rising 0.4% to 7.06, its strongest level since May 2023. Meanwhile, dollar-rupee forward premiums rose with the 1-year implied yield touching 2.33%, its highest level since April last year..

The Federal Reserve cut interest rates by half of a percentage point on Wednesday, kicking off what is expected to be a steady easing of monetary policy with a larger-than-usual reduction in borrowing costs that followed growing unease about the health of the job market. Fed's policy rate lowered to 4.75%-5.00% range. Policymakers see the Fed's benchmark rate falling by another half of a percentage point by the end of this year, another full percentage point in 2025, and by a final half of a percentage point in 2026 to end in a 2.75%-3.00% range. The endpoint reflects a slight upgrade, from 2.8% to 2.9%, in the longer-run federal funds rate, considered a "neutral" stance that neither encourages nor discourages economic activity.

The Bank of England kept interest rates at 5.0% on Thursday, saying it would be careful about future cuts, and also held off from running down its bond holdings at a faster pace, avoiding extra budget strains for finance minister Rachel Reeves.

The U.S. dollar edged slightly lower in choppy trading on Wednesday as markets grappled with the supersized 50 basis point interest rate cut as well as the switch to an easing monetary policy stance delivered by the FED.

The number of Americans filing new applications for unemployment benefits dropped to a four-month low last week, pointing to solid job growth in September and offering confirmation that the economy continued to expand in the third quarter. Initial claims for state unemployment benefits dropped 12,000 to a seasonally adjusted 219,000 for the week ended Sept. 14, the lowest level since the middle of May, the Labor Department said on Thursday.

US existing home sales fell 2.5% in August to a seasonally adjusted annual rate of 3.86 million units, the lowest in 10 months. The median existing home price increased 3.1% from a year earlier to \$416,700, the highest on record for any August.

The dollar index , which measures the greenback against a basket of six peers, was down 0.069% to 100.950 after reversing gains made in early trading. It slid to its lowest in more than a year of 100.21 in the previous session. The euro strengthened to \$1.111950, but remained below a three-week high hit in the previous session. Against the yen , the dollar was 0.45% higher at 142.895.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

5-y Loan Prime Rate	CNY	3.85%	3.85%	HIGH
BOJ Policy Rate	JPY	0.25	0.25	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 26 Sep 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.69	83.55	83.0	84.15	84.60	BEARISH
EURINR FUTURE	93.44	92.50	91.75	93.60	94.10	BULLISH
GBPINR FUTURE	111.07	110.25	109.50	111.30	112.0	BULLISH
JPYINR FUTURE	58.61	58.40	58.0	59.55	60.15	SIDEWAYS

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