

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher to scale near 2-months high on Thursday, for 6th straight daily gain, its longest winning streak since Jan 24 thanks to persistent dollar sales by foreign banks, financial year ending seasonal adjustments and rally in domestic equity market to hope for foreign funds revival all support domestic currency in recent days. However, rebound in dollar index from 5-month low and outflow concern after earlier fall in domestic equity market with growth concern & reciprocal tariff threat will keep rupee under check at every gain. Banks selling dollars to lock in profits on arbitrage trades between the non-deliverable and outright forwards also aided the rupee.

The rupee at NSE Future 26 Mar-25. ended gain by 6 paise at 86.38 against previous close of 86.44 and after make low of 86.23 and high of 86.50. The yuan and the rupee have strengthened 0.7% and 1.3% over March, respectively.

USDINR 26Mar Future in NSE strengthen more than Rs.1 in last 7-trading session from 87.51 high on 11-March to low of 86.23 yesterday. Inflows related to inter-company borrowings and repatriation of corporate profits are usual in March, the last month of the financial year. Such inflows have aided the rupee over recent trading sessions.

Strong macroeconomic fundamentals are likely to help India sustain its growth momentum even as the global economy faces uncertainty amid the escalating trade tensions, the Reserve Bank of India said in its March bulletin on Wednesday. Foreigners have pulled nearly \$29 billion out of Indian stocks since October, the most in any six-month period. The trade wars and escalating tariffs could have a harmful impact on growth and fuel inflation, not just in the countries directly involved but for the global economy as a whole, the central bank said.

Reciprocal U.S. trade tariffs proposed by President are unlikely to have a significant negative bearing on the rupee, the head of global foreign exchange at Jefferies said. Analysts reckon the levies may hamper exports such as petrochemicals and pharmaceuticals, which make up about one-fifth of India's exports to the U.S. India charged a weighted average tariff of about 11% in 2023, around 8.2 percentage points higher than U.S. tariffs on Indian exports, according to estimates from Citi.

The dollar rose broadly on Thursday, a day after the Federal Reserve indicated it was in no rush to cut rates further this year due to uncertainties around U.S. tariffs.

The Swiss franc weakened after the Swiss National Bank lowered its policy rate to 0.25%, while the Swedish crown was soft after its central bank maintained its interest rate.

The dollar's broad strength weighed on the pound though the British currency pared some losses briefly after the BOE held interest rates at 4.5% and warned against assumptions that they would be cut over its next few meetings as it grappled with deep uncertainty hanging over the British and world economies.

The New Zealand dollar dropped 1.4% to \$0.5736 even as data showed the economy crawled out of a recession and grew at a faster-than-expected pace of 0.7% last quarter, although underlying details were soft.

The euro was 0.7% lower against the dollar at \$1.0828. Sterling had earlier risen to a more than four-month high of \$1.3015 in early Asian hours before retreating to trade down 0.3% on the day at \$1.2964. The yen was a shade weaker at 148.85 per dollar.

U.S. interest rate futures priced in a cut of just over half a percentage point this year, with traders seeing a 62.1% chance of the Fed resuming rate cuts at its meeting in June, according to LSEG estimates, compared with a 57% chance before the announcement. Money markets now price in around 67 basis points of further BoE easing by the end of the year.

Bitcoin, the world's largest cryptocurrency by market cap, was up about 1% on the day at \$86,193, a near two-week high.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.38	86.15	85.70	86.70	87.10	BEARISH
EURINR FUTURE	93.67	93.60	93.0	94.40	95.0	BEARISH
GBPINR FUTURE	111.89	111.80	110.80	113.10	114.0	SIDEWAYS
JPYINR FUTURE	58.13	57.70	57.30	58.30	59.0	BEARISH

Technical Research Analyst

Vibhu Ratandhara

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:

<https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186