

KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Tuesday, pressure by fall in equity market along with weak Asian peers especially China Yuan due to recovery in dollar index.

Foreign investors have net bought about \$2.2 billion of Indian stocks over May so far.

Asian currencies were mixed on the day while the offshore Chinese yuan dipped lower after China cut key benchmark lending rates and corporate seasonal demand for dollars remained high.

India's infrastructure output grew 0.5% year-on-year in April, its slowest pace in eight months, dragged by weakness in crude oil and refinery products, government data showed on Tuesday. The index, which tracks activity across eight sectors and makes up 40% of the country's industrial production, grew at a revised 4.6% in March, compared to the initial estimate of 3.8%.

The U.S. dollar declined again on Tuesday, weighed down in part by the Federal Reserve's caution over the economy, while traders looked ahead to upcoming U.S. talks with Japan that could include discussions on currencies and volatility.

The dollar sold off broadly on Monday following last Friday's downgrade of the U.S. sovereign rating by Moody's on deficit concerns. Now attention turns to a critical vote in Washington over U.S. President Donald Trump's sweeping tax cuts.

the dollar slipped against the yen, falling to a roughly two-week low of 144.095 yen. It was last down 0.1% at 144.64 yen , sliding in five of the last six sessions. The euro, rose 0.2% against the dollar to \$1.3373 , while the Swiss franc strengthened, pushing the dollar down 0.4% at 0.8314 franc.

Tuesday's sell-off in long-dated Japanese government bonds, that pushed 30-year yields to record highs and those on the 20-year to a nearly 25-year peak, pressured the yen earlier.

In light of the signs of easing trade tensions, markets have dialed back expectations for

rate cuts from the U.S. Federal Reserve this year, pricing in a 75.4% chance for the first cut of at least 25 basis points (bps) at the central bank's September meeting, according to LSEG data. The prior view was for a likely cut in July.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
CPI y/y	GBP	3.3%	2.6%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 28 MAY 25) as on 19-May

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.46	84.90	84.25	86.0	86.80	BULLISH
EURINR FUTURE	96.37	95.70	94.90	96.50	97.10	SIDEWAYS
GBPINR FUTURE	114.46	113.60	112.80	114.60	115.50	BULLISH
JPYINR FUTURE	59.11	58.50	58.10	59.20	60.0	SIDEWAYS

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