

KEY HEADLINES:

The Indian rupee against the US dollar end higher on Monday thanks to softening Crude oil after ease of geopolitical tension added by possible funds flow due to firm equity market, while upside capped by higher US Treasury yield pressure domestic currency at higher level.

The rupee at NSE Future 29 May. ended strong by 12 paise at 83.46 against previous close of 83.58 and after make low of 83.42 and high of 83.58. Most Asian currencies were muted, somewhat comforted by ebbing fears of a wider conflict in the Middle East. Meanwhile, dollar-rupee forward premiums eased, with the 1-year implied yield down 2 basis points at 1.66%, pressured by a rise in near-maturity U.S. bond yields.

Income tax receipts in India, comprising personal and corporate levies, rose 17.7% year-on-year to nearly \$235 billion in the 2023/24 financial year ending in March, reflecting the rising incomes of rich taxpayers and corporate profits. Net income tax receipts for the 2023/24 financial year ending in March rose to 19.58 trillion rupees (\$234.9 billion), up from 16.64 trillion in the previous financial year, the Central Board of Direct Taxes (CBDT) said on Sunday.

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 U.S. dollar hit a fresh 34-year high against the yen in subdued trade on Monday, with market participants taking their cue from the Federal Reserve's higher-for-longer interest rate stance, even as they remained alert to any signs of intervention by Japanese authorities to prop up the struggling yen.

The dollar hit a fresh 34-year high of 154.85 yen versus the Japanese currency and was last up 0.1% at 154.81 yen, a whisker away from the 155-level that is next on traders' radars for possible intervention. The yen hit its fresh lows ahead of the Bank of Japan's (BOJ) policy review on Friday. The euro, which is heading for its biggest monthly drop against the dollar since January, was little changed at \$1.0653, while sterling slipped 0.1% to \$1.2353.

The market will also get U.S. first-quarter gross domestic product data on Thursday and

the inflation metric the Fed targets, the personal consumption price expenditures (PCE) index, on Friday.

Traders are pricing in a 37% probability the Fed will begin cutting rates in June, down from 49% week ago, according to the CME Group's FedWatch Tool. Fed fund futures have also pared back the number of rate cuts of 25 basis points (bps) this year to fewer than two, or roughly 42 bps, from about three or four a few weeks ago.

Bitcoin was last up 4.1% at \$66,687. The world's largest cryptocurrency completed its "[halving](#)" at the weekend, a phenomenon that happens roughly every four years and aims to reduce the rate at which bitcoins are created.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

Flash Manufacturing PMI	GBP	50.3	50.3	HIGH
Flash Manufacturing PMI	USD	52.0	51.9	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.46	83.25	82.80	83.85	84.50	BULLISH
EURINR FUTURE	89.40	88.95	88.20	89.65	90.80	BEARISH
GBPINR FUTURE	103.74	103.70	103.0	104.65	105.75	BEARISH
JPYINR FUTURE	54.60	54.50	53.90	55.0	55.60	BEAERISH

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