

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end lower on Thursday, pressure by outflow concern after spike in U.S Bond yield & sell off in equity market added by technical sell off after break above resistance zone, despite fall in dollar index and crude oil prices.

India's benchmark equity indexes, the BSE Sensex and Nifty 50 closed lower by around 0.8% each on the day, tracking losses in global peers.

The rupee is down about 1.5% over May so far, lagging most regional peers.

The rupee at NSE Future 28 May-25. ended lower by 41 paise at 85.99 against previous close of 85.58 and after make low of 85.58 and high of 86.13.

The Reserve Bank of India (RBI) bought a net of \$14.36 billion in the spot foreign exchange market in March, data released on Wednesday as part of the central bank's monthly bulletin showed. The RBI said it purchased \$41.52 billion and sold \$27.16 billion. In February, the central bank had sold a net of \$1.6 billion in the spot market. The RBI's net outstanding forward sale stood at \$84.35 billion as of end-March, compared with a net sale of \$88.7 billion at the end of the previous month, the data showed.

India's private sector activity accelerated at its fastest pace in over a year in May, driven by robust expansion in services even as price pressures intensified, a survey showed on Wednesday. HSBC's Flash India Composite PMI, compiled by S&P Global, rose to 61.2 this month from April's 59.7 - the sharpest rate of increase since April 2024 and confounding a Reuters forecast for a dip to 59.5. The 50-mark separates contraction from expansion, and the latest reading showed sustained private sector growth for nearly four years.

The U.S. dollar advanced on Thursday after three days of losses, as the House of Representatives narrowly passed President bill for huge tax and spending cuts, even as the euro stumbled after data painted a bleak economic picture for the euro zone. The bill is set to add to the country's ballooning debt pile. The market is now looking at weeks of debate in the Republican-led Senate on it.

The non-partisan Congressional Budget Office estimates the bill will add \$3.8 trillion to the \$36.2 trillion in U.S. debt over the next decade.

Bitcoin, meanwhile, pushed to a new all-time high, partly as investors sought out alternatives to U.S. assets. Bitcoin climbed as high as \$111,862.98, a fresh all-time peak and a 3.3% increase from Wednesday's close.

the dollar edged up 0.1% to 143.75 yen after earlier dropping to 142.80, its weakest level since May 7. The euro , meanwhile, fell 0.3% against the dollar to \$1.1293, after rising on Wednesday for a third straight session. The dollar index , which measures the U.S. currency against six peers, rose 0.2% to 99.844, a little above yesterday's two-week low of 99.333.

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

Retail Sales m/m	GBP	0.3%	0.4%	HIGH

### Support Resistance Levels – Currency Future: ( NSE CUR - 28 MAy 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.99	85.50	84.90	86.15	86.80	BULLISH
EURINR FUTURE	97.16	96.50	95.70	97.40	98.0	BULLISH
GBPINR FUTURE	115.30	114.50	113.60	115.60	116.30	BULLISH
JPYINR FUTURE	59.90	59.40	58.50	60.20	61.0	BULLISH

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