

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end marginally down on Wednesday, on dollar demand from importer banks, while support seen from strong Yuan after U.S-Japan trade deal, recovery in equity market and fall in Crude oil support domestic currency fro sharp fall.

The rupee at NSE Future 29 July-25. ended down by 2 paise at 86.46 against previous close of 86.44 and after make low of 86.36 and high of 86.49.

India is among the few large U.S. trade partners that have not yet received a tariff letter. For India, though, the prospects of a trade deal before the August 1 deadline have dimmed, with talks deadlocked over tariff cuts on key agricultural and dairy products.

Officials from China and the U.S. are also expected to meet next week to discuss an extension to the deadline for negotiating a trade deal.

Overseas investors have net sold about half a billion dollars of local stocks in July so far while year-to-date outflows stand at nearly \$9.5 billion.

The Reserve Bank of India (RBI) bought a net of \$1.76 billion in the foreign exchange market in May, data released on Wednesday as part of the central bank's monthly bulletin showed. The RBI said it purchased \$9.1 billion and sold \$7.3 billion during the month. In April, the central bank had sold a net of \$1.66 billion. The RBI's net outstanding forward sale stood at \$65.2 billion as of end-April, compared with a net sale of \$72.6 billion at the end of the previous month, the data showed.

India's economy continues to hold up against a global flux, dealing with the impact of geopolitical tensions and trade uncertainties, the Reserve Bank of India said in its monthly bulletin released on Wednesday. The RBI cut its key policy rate by a larger-than-expected 50 basis points last month and slashed the cash reserve ratio for banks as low inflation gave it room to focus on supporting growth amid volatile global conditions. "High-frequency indicators suggest stability in aggregate demand," the central bank said. However, in the first half of July, domestic investor sentiment remained cautious amidst ongoing uncertainty over a potential India-U.S. trade agreement and mixed corporate earnings in the quarter ending June, the central bank said.

The U.S. dollar strengthened against the Swiss franc and euro but weakened versus the yen on Wednesday as positive sentiment from a new U.S. trade deal was offset by

political uncertainty surrounding Japanese Prime Minister Shigeru Ishiba's future.

U.S President announced a trade deal on Tuesday with Japan, which lowers tariffs on auto imports to 15% in exchange for a \$550 billion package of U.S.-bound investment and loans. It is the most significant of a clutch of agreements that Trump has bagged since unveiling sweeping global levies in April.

The dollar gained against the Swiss franc , on track to snap three straight sessions of losses. It was last up 0.24% to 0.79425. The euro pared earlier losses and was up 0.08% against the dollar at \$1.176250. The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, fell 0.14% to 97.33, on track for four straight sessions of losses.

Market expectations that the Fed will leave rates unchanged at its July meeting rose to a 95% probability, according to the CME's Fedwatch tool, while a cut by September has a 60% probability, according to the CME Group's FedWatch Tool. In total, traders see 44 basis points of cuts by year-end, indicating a potential third 25-basis point reduction, up from 48 basis points last week.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
	EUR	2.15%	2.15%	HIGH
Main Refinancing Rate				
	USD	52.7	52.9	HIGH
Flash Manufacturing PMI				

Support Resistance Levels - Currency Future: ( NSE CUR - 29 July 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.46	85.85	85.45	86.50	87.20	BULLISH
EURINR FUTURE	101.42	100.80	100.0	101.60	102.50	BULLISH
GBPINR FUTURE	117.04	116.30	115.50	117.50	118.20	BULLISH
JPYINR FUTURE	59.08	58.20	57.80	59.30	60.0	SIDEWAYS

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