

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar lower on Monday, pressure by gain in dollar index, tracking weakness in Asian peers amid ongoing middle east tension, while retreat in Crude oil and inflows expectations cushion rupee at lower level.

The rupee at NSE Future 26 June-25. ended down by 13 paise at 86.79 against previous close of 86.66 and after make low of 86.68 and high of 86.89. Asian currencies were down between 0.2% and 1.4%.

Brent crude oil futures hit a five-month peak of \$81.40 per barrel earlier in the day but pared gains later on. Iran has repeatedly threatened to retaliate after the U.S. struck the country's nuclear sites over the weekend, raising fears that the retaliation may include a closure of the Strait of Hormuz through which roughly a fifth of global crude supply flows.

The Rupee lost almost 100 basis point in last 3-session mainly due to middle east conflicts and elevated Crude oil prices. Oil is a major component of India's import bill. A \$10 barrel increase in crude can widen the current account deficit by up to 0.4% of GDP, economists estimate.

India's private sector activity accelerated sharply in June as companies ramped up production to meet surging domestic and international demand, according to a survey released on Monday that showed record export growth and robust hiring. The HSBC Flash India Composite PMI, compiled by S&P Global, jumped to a 14-month high of 61.0 this month from 59.3 in May against forecast for a modest lift to 59.4. The 50-mark separates growth from contraction and the latest data showed nearly four years of sustained expansion. Services gained momentum with the activity index rising to 60.7 from May's 58.8 - the strongest since August last year - while manufacturing gained pace thanks to robust output. Its PMI climbed to 58.4 in June from 57.6.

The dollar fell on Monday after Federal Reserve policy maker Michelle Bowman said the U.S. central bank should consider interest rate cuts soon, and on rising expectations that Iran's response to the U.S. bombing of some nuclear sites in Iran will be limited.

Powell will testify before the U.S. Congress on Tuesday and Wednesday.

The Japanese currency was last down 0.09% against the greenback at 146.22 per dollar

and reached 148.02, the weakest since May 13. The dollar index fell 0.32% to 98.45. It earlier rose to 99.42, the highest since May 30. The euro gained 0.39% to \$1.1567. Sterling strengthened 0.51% to \$1.3517 after earlier falling to \$1.3367, the lowest since May 20.

Fed funds futures are now pricing in 58 basis points of cuts this year, indicating expectations that two 25 basis points in cuts are certain, with a rising chance of a third reduction. FED next meet on July 29-30.

In cryptocurrencies bitcoin gained 3.49% to \$103,040.

#### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact

Fed Chair Powell Testifies	USD			HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.79	86.25	85.70	87.0	87.60	BULLISH
EURINR FUTURE	99.56	99.0	98.20	100.0	101.0	BULLISH
GBPINR FUTURE	116.18	116.0	115.30	117.10	118.0	SIDEWAYS
JPYINR FUTURE	58.82	58.75	58.30	59.70	60.30	BEARISH

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