

## **KEY HEADLINES:**

The Indian rupee against the US dollar end almost flat on Wednesday despite weakness in Asian peers as fir equity reinstate foreign flow expectations while dollar demand from foreign banks as well oil marketing companies pressure local currency t every gain.

The rupee at NSE Future 29 Jan. ended down by 5 paise at 83.13 against previous close of 83.08 and after make low of 83.11 and high of 83.17. Asian currencies weakened, with the Indonesian rupiah leading losses and down by 0.5%.

Foreign investors have sold nearly \$2 billion worth of Indian equities in January so far, which follows net buys worth \$7.9 billion in the previous month.

India's business activity expanded at the fastest pace in four months in January on stronger demand, according to a private survey that also showed input costs rising at the quickest rate since August. HSBC's flash India Composite PMI, compiled by S&P Global, rose to 61.0 this month, its highest since September, from December's final reading of 58.5.

Foreign investment in Indian government bonds saw a remarkable jump in the last three months of 2023, with JPMorgan's decision to add the debt to its indexes boosting inflows to a 6-year high. Overseas investors net bought government bonds worth 350 billion rupees (\$4.2 billion) in October-December, pushing the full-year tally to 598 billion rupees, the highest since 2017, clearing house data showed.

The U.S. dollar dropped on Wednesday, after rising in eight of the last 10 sessions, as investors consolidated gains spurred by a broad reversal of the greenback's decline in December.

The dollar index fell 0.4% to 103.1 after climbing to a six-week peak on Tuesday. Since the beginning of the year, the dollar has been up around 1.7% this year as stronger-than-expected data and a pushback from central bankers has caused the market to rein in its expectations for rapid Federal Reserve interest rate cuts this year. The dollar was down 0.8% against the yen at 147.18. The euro was last up 0.4% at \$1.0898 after falling to a six-week low the day before.

The European Central Bank meets on Thursday. No change in interest rates is expected but investors will watch what it says about its outlook. Market pricing currently shows a

reasonable chance of a rate cut by April.

A report that China is weighing a rescue package for its plunging stock markets helped the yuan and the Australian dollar, which is often viewed as a more liquid proxy for exposure to China.

The U.S. rate futures market was pricing in a roughly 50% chance of a March rate cut, down from as much 80% about two weeks ago, according to LSEG's rate probability app. For 2024, futures traders are betting on five rate cuts of 25 bps each. Two weeks ago they expected six.

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

Indicator	Currency	Forecast	Previous	Impact
Main Refinancing Rate	EUR	4.50%	4.50%	HIGH

Advance GDP q/q	USD	2.0%	4.9%	HIGH
ECB Press Conference	EUR			HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.13	82.80	82.30	83.25	83.55	BEARISH
EURINR FUTURE	90.63	90.30	89.90	90.95	91.40	BEARISH
GBPINR FUTURE	105.92	105.25	104.75	106.55	107.25	BULLISH
JPYINR FUTURE	56.44	56.0	55.40	57.10	57.60	BEARISH

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