

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher to wipe out all losses of 2025 so far to scale above 3-months high & its straight 9th day gain on Monday, thanks to persistent dollar sales by foreign banks, financial year ending seasonal adjustments and rally in domestic equity market & overseas investor turn net buyer which hope inflows and support domestic currency in last few days. However, rebound in dollar index from 5-month low and outflow concern after earlier fall in domestic equity market with growth concern & reciprocal tariff threat will keep rupee under check at every gain. Banks selling dollars to lock in profits on arbitrage trades between the non-deliverable and outright forwards also aided the rupee.

The rupee at NSE Future 28 April-25. ended higher by 31 paise at 86.0 against previous close of 86.31 and after make low of 85.84 and high of 86.36. The yuan and the rupee have strengthened 0.7% and 1.3% over March, respectively.

Inflows into Indian bonds - about \$3 billion over March so far - and a pickup in foreign buying of Indian stocks over the last couple of trading sessions have also helped the currency, which was teetering near record-low levels as recently as last month.

The Rupee is up 2.1% on the month so far, outpacing all of its major Asian peers. Inflows related to inter-company borrowings and repatriation of corporate profits are usual in March, the last month of the financial year. Such inflows have aided the rupee over recent trading sessions.

The Reserve Bank of India's (RBI) \$10 billion, 3-year dollar/rupee buy-sell swap auction on Monday to boost rupee liquidity was oversubscribed by a little over two times, with the cutoff rate set at 5.86 rupees. Under the swap, the central bank will inject liquidity amounting to \$10.04 billion equivalent of rupees into the banking system on Wednesday. The transaction will be reversed in 3-years. The swap is part of series of measures that the RBI has taken to ease a liquidity crunch in the banking system. The liquidity deficit stood at about 2 trillion rupees (\$23.27 billion) last Friday. The central bank injected about \$64 billion worth of rupee liquidity into the system through open market bond purchases, longer-tenor repo operations, and FX swaps, before Monday's auction.

Growth in India's overall business activity softened in March as robust manufacturing expansion failed to offset a slowdown in the services sector, a private survey showed on Monday. HSBC's flash India Composite PMI, compiled by S&P Global, slipped to 58.6 in

March from February's final reading of 58.8, lower than a Reuters prediction of 59.0. The 50-mark divides growth from contraction. The manufacturing PMI index increased to 57.6 from 56.3, remaining in the expansion territory for more than three-and-a-half years. But the dominant-services sector's PMI index fell to 57.7 from 59.0 in February, contributing to the fall in the overall index.

Reciprocal U.S. trade tariffs proposed by President are unlikely to have a significant negative bearing on the rupee, the head of global foreign exchange at Jefferies said. Analysts reckon the levies may hamper exports such as petrochemicals and pharmaceuticals, which make up about one-fifth of India's exports to the U.S. India charged a weighted average tariff of about 11% in 2023, around 8.2 percentage points higher than U.S. tariffs on Indian exports, according to estimates from Citi.

The dollar jumped to multi-week highs against the euro and yen on Monday after data showed U.S. business activity picked up in March and reports that U.S. President Donald Trump will be flexible with upcoming tariffs.

S&P Global's flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, increased to 53.5 this month from 51.6 in February. A reading above 50 indicates expansion in the private sector.

The dollar was last up 0.82% on the day against the Japanese currency at 150.54 yen. The euro fell 0.09% to \$1.0804 and slid as low as \$1.078, its weakest since March 7. Sterling gained 0.04% to \$1.292 ahead of British finance minister Rachel Reeves' spring budget update later this week.

U.S. interest rate futures priced in a cut of just over half a percentage point this year, with traders seeing a 62.1% chance of the Fed resuming rate cuts at its meeting in June, according to LSEG estimates, compared with a 57% chance before the announcement. Money markets now price in around 67 basis points of further BoE easing by the end of the year.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
New Home Sales	USD	682K	637K	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.0	85.80	85.10	86.40	86.80	BEARISH
EURINR FUTURE	93.37	93.0	92.20	93.90	94.80	BEARISH
GBPINR FUTURE	111.25	111.0	110.20	111.50	112.20	SIDEWAYS
JPYINR FUTURE	57.92	57.50	57.00	58.50	59.10	BEARISH

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Disclosure:

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