

## **KEY HEADLINES:**

The Indian rupee against the US dollar ended almost flat on Thursday largely due to fall in Asian peers pressure domestic currency at higher level and rally in US dollar as well treasury yield, against support seen from softening Crude oil prices and expected funds flow after gain in equity market.

The rupee at NSE Future 29 May. ended Down by 1 paise at 83.39 against previous close of 83.38 and after make low of 83.35 and high of 83.53. Asian currencies were trading down 0.1% to 0.6% and shares dropped alongside U.S. equity futures.

Asian currencies have struggled so far this year on investors dialling back their expectations around Fed rate cuts. The Korean won, the Thai baht and the Taiwanese dollar are down 6% to 7% this year.

The Reserve Bank of India (RBI) bought \$8.56 billion on a net basis in the spot foreign exchange market in February, data released on Tuesday as part of the central bank's monthly bulletin showed. The RBI did not sell any dollars in the spot market in February. In January, the central bank had bought a net of \$1.95 billion in the spot market. The Indian rupee appreciated by 0.2% against the dollar in February and traded in a range of 82.8225 to 83.1150.

Bloomberg Index Services said it will include 34 Indian government bonds that are open for investment under the country's fully accessible route in its emerging market local currency indexes from January 2025. The announcement follows JP Morgan's decision to add Indian government bonds in its Government Bond Index-Emerging Markets from June 2024.

The U.S. dollar eased against most currencies on Thursday in tight seesaw trade after data showed the economy grew at a surprisingly slow pace and inflation came in hotter than expected in the first quarter, potentially tying the Federal Reserve's hands on easing interest rates in coming months.

the Commerce Department reported that U.S. GDP grew at a 1.6% annualized rate in the January-March period, slower than the 2.4% rate expected by economists polled by Reuters. The report also showed that underlying inflation as measured by the core personal consumption expenditures (PCE) price index rose 3.7% in the first quarter, eclipsing forecasts for a 3.4% rise.

The U.S. dollar index , a measure of the U.S. currency's value against six rivals, reversed a small overnight loss after the data caused benchmark Treasury yields to rise, topping at 106.00. It was last at 105.69, off 0.01%. The yen, meanwhile, hit a fresh 34-year low versus the dollar and a 16-year low against the euro on Thursday as investors expect a Bank of Japan (BOJ) policy meeting that ends on Friday to not be hawkish enough to support the Japanese currency. The European single currency was up 0.2% on the day at \$1.0716.

The Federal Reserve meeting is on April 30-May 1. Resilient U.S. growth and higher inflation are reasons why several Fed officials have repeatedly emphasized the need to be patient on rate cuts. Investors are now pricing in less than two rate cuts this year.

The Bank of Japan is widely expected to leave policy settings and bond purchase amounts unchanged at the conclusion of a two-day meeting on Friday, having raised interest rates for the first time since 2007 just last month.

The market will also get U.S. first-quarter gross domestic product data on Thursday and the inflation metric the Fed targets, the personal consumption price expenditures (PCE) index, on Friday.

the U.S. rate futures market was pricing in a 56.7% chance of a Fed rate cut in September, down from 70% late on Wednesday, according to CME Group's FedWatch tool. Fed fund futures have also pared back the number of rate cuts of 25 basis points (bps) this year to fewer than two, or roughly 42 bps, from about three or four a few weeks ago. Rate futures traders on Thursday were factoring in a 66% chance that the Fed's first rate cut since 2020 could happen at its meeting in November.



**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
BOJ Policy Rate	JPY	0.10%	0.10%	HIGH
Core PCE Price Index m/m	USD	0.3%	0.3%	HIGH
Revised UoM Consumer Sentiment	USD	77.9	77.9	HIGH

### Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.39	83.25	82.80	83.85	84.50	SIDEWAYS
EURINR FUTURE	89.46	88.95	88.20	89.65	90.80	SIDEWAYS
GBPINR FUTURE	104.51	103.65	103.0	104.65	105.75	BULLISH
JPYINR FUTURE	54.22	54.15	53.60	54.75	55.10	BEAERISH

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