

KEY HEADLINES:

The Indian rupee spot against the US dollar end marginally lower on Wednesday, pressure by month end dollar demand from OMC & subdued dollar index makes rupee under check, however gain in equity, fall in Crude oil and risk appetite after cease fire news in middle east tension support rupee from sharp fall.

The rupee at NSE Future 29 July-25. ended lower by 3 paise at 86.22 against previous close of 86.19 and after make low of 85.92 and high of 86.28. Slight weakness in the offshore Chinese yuan was also a dampener for the rupee.

The Indian central bank's decision to withdraw surplus liquidity from the banking system just weeks after a large rate cut and cash boosting measures has prompted an uptick in money market rates which may continue in the coming days. The Reserve Bank of India will conduct a 7-day variable rate reverse repo (VRRR), for 1 trillion rupees (\$11.64 billion) on Friday, its first such operation since November-end. Conducting VRRRs shows the RBI's discomfort with the overnight and treasury bill rates remaining below repo rate.

India's economy remains resilient despite a state of flux in the global economy due to the twin shocks from trade and geopolitical tensions, the Reserve Bank of India said in its monthly bulletin released on Wednesday. "In this state of elevated global uncertainty, various high-frequency indicators for May 2025 point towards resilient economic activity in India across the industrial and services sectors," the RBI said in its 'State of the Economy' article.

The Reserve Bank of India (RBI) sold a net of \$1.66 billion in the spot foreign exchange market in April, data released on Wednesday as part of the central bank's monthly bulletin showed. The RBI said it purchased \$10.11 billion and sold \$11.77 billion during the month. In March, the central bank had bought a net of \$14.36 billion in the spot market. The currency gained 1.2% in April, its second consecutive monthly rise, helping extend a reversal in its fortunes after hitting an all-time low of 87.95 in February. The RBI's net outstanding forward sale stood at \$72.6 billion as of end-April, compared with a net sale of \$84.35 billion at the end of the previous month, the data showed.

The Reserve Bank of India on Wednesday extended the trading hours for the interbank call money market by 2 hours to 7:00 p.m. IST, with effect from July 1. Banks borrow and lend money in the call market. The revised timings for the call market will be 9:00 a.m. IST to 7:00 p.m. IST. The central bank also extended the hours for market repo

and tri-party repo to 4:00 p.m. IST, with effect from August 1. The trading hours for government bonds, foreign exchange and interest rate derivative markets have been left unchanged.

The dollar fell to multi-year lows against the euro and sterling on Wednesday but gained on the Japanese yen as traders evaluated expectations for Federal Reserve interest rate cuts and turned attention back to U.S. fiscal policies. The dollar gained last week on concerns about rising Middle East tensions, before rapidly falling back this week. The greenback has also weakened on rising expectations for more interest rate cuts this year.

In his second day of testimony to the U.S. Congress, Fed Chair Jerome Powell on Wednesday repeated that the U.S. central bank should keep interest rates on hold on expectations the Trump administration's tariffs will increase inflation.

The euro gained 0.43% to \$1.1658, the highest since October 2021. Sterling rose 0.33% to \$1.3659, its highest since January 2022. The Swiss franc held near a 10-1/2-year high reached on Tuesday and last traded at 0.804 per dollar. The dollar gained 0.18% to 145.17 Japanese yen .

Fed funds futures traders are pricing in 62 basis points of cuts by year-end, up from around 46 basis points last Friday before comments from the Fed's Waller. The first cut is fully priced in for September. FED next meet on July 29-30. A cut at the Fed's July 29-30 meeting continues to be seen as very unlikely, with the first cut expected in September.

In cryptocurrencies, bitcoin gained 1.72% to \$105,589.



Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Final GDP q/q	USD	-0.2%	-0.2%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.22	85.50	84.90	86.50	87.10	SIDEWAYS
EURINR FUTURE	100.26	99.70	99.0	100.50	101.20	BULLISH
GBPINR FUTURE	117.37	116.35	115.50	117.50	118.30	BULLISH
JPYINR FUTURE	58.26	57.90	57.20	59.0	59.60	SIDEWAYS

Technical Research Analyst

Vibhu Ratandhara

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:
<https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186