

KEY HEADLINES:

The Indian rupee spot against the US dollar end marginally lower on Tuesday tracking losses in Asian peers and dollar demand from importers as well foreign bank push domestic rupee towards record low. However US FED expected to begin rate cut cycle as soon from next meeting and some ease in Crude oil prices offer support to rupee from sharp fall.

The rupee at NSE Future 26 Sep. ended gain by 4 paise at 84.01 against previous close of 83.97 and after make low of 83.96 and high of 84.04. Asian currencies slipped, with the Philippine peso down 0.5% and leading losses.

Despite its Asian peers having risen between 0.2% and 5% over August so far the rupee's gains have largely proven to be fleeting even as the dollar has dropped 3% this month in the lead up to rate cuts kicking off in the US next month.

Strong dollar demand from importers and outflows from equities have both contributed to limiting the rupee's gains in recent sessions, Overseas investors have taken out more than \$2 billion from Indian equities this month so far, per NSDL data. This is a change from the nearly \$4 billion of inflows in July.

Sterling climbed to its highest against the U.S. dollar in more than two years on Tuesday, while the greenback slipped broadly after gains the previous session, as investors await key economic data this week and next.

The U.S. currency has fallen on concerns about a weakening economy and on expectations the Federal Reserve is close to cutting interest rates. But the extent of the weakness, and whether it will lead the U.S. central bank to cut rates by 25 or 50 basis points at its September meeting, remains in question.

The pound hit its highest since March 2022 at \$1.3246. It was last up 0.3% at \$1.3226. The euro was up a whisker on the dollar at \$1.1170, just off Monday's 13-month top. Against the Swiss franc, the dollar fell to its lowest since early January and was last down 0.5% at 0.8432 franc.

The dollar index was down 0.1% at 100.73, after dropping to an eight-month low on Monday. For the month of August, the dollar has fallen 3.3%, on track for its biggest monthly decline since November 2022.

Tuesday's report also showed U.S. consumer confidence rose in August. The Conference Board' consumer confidence index increased to 103.3 this month from an upwardly revised 101.9 in July.

Fed fund futures reflected traders pricing a near 29% chance of a 50 basis point cut at the central bank's September meeting down from 37% last week end, with a 25-basis-point reduction having odds of 75%, according to CME FedWatch. Investors are currently pricing in 100 basis points of rate cuts by the Federal Reserve over 2024 and around 210 basis points of rate reductions are expected by the end of 2025.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Crude Oil Inventories	USD	-2.7M	-4.6M	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 26 Sep 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.01	83.55	83.0	84.15	84.60	BEARISH
EURINR FUTURE	93.77	92.90	91.75	93.90	94.50	BULLISH
GBPINR FUTURE	110.98	110.0	109.40	111.10	112.0	BULLISH
JPYINR FUTURE	57.95	57.50	56.70	58.85	59.50	BULLISH

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