

KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Tuesday, tracking fall in Asian peers after rebound in dollar index added by sell off in equity market and month end dollar demand from OMC makes pressure in rupee through out the day.

The rupee at NSE Future 28 May-25. ended lower by 26 paise at 85.38 against previous close of 85.12 and after make low of 85.14 and high of 85.46. The rupee's very-near-tenor implied volatility - a gauge of future expectations - has also ticked up, with the spot-week gauge rising above 6%. The year-to-date average is around 4.5%.

Despite the uptick on Tuesday, the dollar is on course to notch its fifth consecutive monthly decline against major peers as worries over uncertain trade policies and worries over fiscal health hurt appetite for U.S. assets.

India is likely to see above average monsoon rains for the second straight year in 2025, the government said on Tuesday, maintaining its forecast from April and keeping alive the possibility of higher farm output and economic growth. Good rains will help bring down food prices, keep inflation within the central bank's comfort band, and allow the world's biggest rice exporter to ship more of the staple. The monsoon is expected to total 106% of the long-term average this year, said M. Ravichandran, secretary in the Ministry of Earth Sciences. The India Meteorological Department defines average or normal rainfall as ranging between 96% and 104% of a 50-year average of 87 cm (35 inches) for the four-month season from June to September. The country is likely to receive 108% rainfall of the long-term average in June, Ravichandran said.

The dollar strengthened on Tuesday as the yen came under pressure from a sharp fall in Japan's long-dated bond yields, while the greenback was boosted by data improving U.S. consumer confidence.

Japan will consider trimming issuance of super-long bonds in the wake of recent sharp rises in yields for the notes, two sources told Reuters on Tuesday. The plan comes amid a recent spike in super-long bond yields to record levels due to dwindling demand from traditional buyers such as life insurers and global market jitters over steadily rising debt levels.

The dollar was last up 1% at 144.28 Japanese yen . The euro fell 0.46% to \$1.1335.

In light of the signs of easing trade tensions, markets have dialed back expectations for rate cuts from the U.S. Federal Reserve this year, pricing in a 75.4% chance for the first cut of at least 25 basis points (bps) at the central bank's September meeting, according to LSEG data. The prior view was for a likely cut in July.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Official Cash Rate	NZD	3.25%	3.50%	HIGH

FOMC Meeting Minutes	USD			HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.38	84.80	83.90	85.50	86.15	SIDEWAYS
EURINR FUTURE	96.89	96.50	95.70	97.40	98.0	BULLISH
GBPINR FUTURE	115.74	114.50	113.60	116.0	116.80	BULLISH
JPYINR FUTURE	59.35	59.30	58.50	60.20	61.0	BEARISH

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