

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end sharply lower on Wednesday, on strong dollar demand from future expiry contract and importers added by fall in dollar index while expected inflows after MSCI regime and fall in Crude oil prices support rupee at lower level.

The rupee at NSE Future 27 Dec. ended down by 11 paise at 84.55 against previous close of 84.44 and after make low of 84.44 and high of 84.61. Asian currencies took a breather, led by the Thai baht, after declining in the previous session in light of U.S. President-elect Donald Trump's pledge of higher tariffs on China, Canada and Mexico.

Trump said he would impose a 25% tariff on imports from Canada and Mexico and outlined "an additional 10% tariff, above any additional tariffs" on imports from China in a social media post.

Measures from the U.S. President-elect -- including tariffs and tax cuts -- should put upward pressure on inflation and bond yields while limiting the Fed's scope to ease policy and supporting the greenback. The dollar index is up more than 2.5% in November so far while the U.S. 10-year Treasury yield touched an over-5-month high of 4.50% last week.

Trading was thin ahead of Thursday's U.S. Thanksgiving holiday, and Friday, which many market professionals also take off. The only major data on tap this week is on Wednesday, with the second reading of third quarter U.S. GDP and the October Personal Consumption Expenditures price index.

A ceasefire between Israel and Iran-backed group Hezbollah came into effect on Wednesday, under a deal that aims to end hostilities across the Israeli-Lebanese border. Geopolitical tensions, with wars in the Middle East and Ukraine, have been a support for the dollar as a safe haven.

The U.S. dollar eased almost across the board on Wednesday as investors waited for inflation data and remained cautious about President-elect Donald Trump's tariff pledges, amid portfolio rebalancing before month end.

The dollar came under extra pressure after revised data showing gross domestic product rose at a 2.8% rate in the third quarter, as expected and the same as last month's first estimate. October durable goods orders rose a smaller than expected 0.2%, other data

showed, while applications for unemployment benefits at 213,000 were a bit lower than last week's upwardly revised 215,000 jobless claims.

Dollar/yen fell to its lowest in about five weeks, standing 1.18% lower at 151.3. The weakening dollar lifted the euro 0.8% to \$1.0568. The euro/dollar pair hit its highest in a week, while the dollar index , which measures the greenback against a basket of currencies including the yen and the euro, fell to its lowest since Nov. 13 and was off 0.7% at 106.09.

The market was pricing a roughly 66% chance of a quarter-point hike at its next policy meeting on Dec. 19, little changed from before the speech. Markets now imply about 150 basis points of ECB easing by the end of next year, compared with around 75 basis points from the Fed.

In cryptocurrencies, bitcoin was up 2.93% at \$94,333, digesting its run up to almost \$100,000 last week.

#### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Bank Holiday	USD			HIGH

### **Support Resistance Levels – Currency Future: ( NSE CUR - 27 Dec 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.55	84. 20	83.90	84.70	85.20	BULLISH
EURINR FUTURE	89.33	88.40	87.70	89.40	90.0	BEARISH
GBPINR FUTURE	106.80	106.0	105.40	107.20	108.0	BEARISH
JPYINR FUTURE	56.25	55.40	54.75	56.30	57.0	SIDEWAYS

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