

## KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on Thursday, after 5-straight session of fall thanks to weaker dollar index and bets of central bank intervention outweigh the impact of U.S tariff blow support rupee at lower level.

The rupee at NSE Future 26 Sep-25. ended higher by 11 paise at 87.70 against previous close of 87.81 and after make low of 87.65 and high of 87.81. The dollar slipped to its lowest level against China's offshore yuan since November, last down 0.46% to 7.1190 yuan in offshore trading.

The U.S. dollar index, in its third straight session of decline, faced additional pressure this week from President Donald Trump's intensified campaign to influence monetary policy, including his attempt to remove Fed Governor Lisa Cook and install a loyalist.

India's industrial output grew at its fastest pace in four months in July, aided by a rise in manufacturing activity, government data showed on Thursday. Industrial output grew 3.5% year-on-year last month, higher than 2.1% expected and Industrial output grew 1.5% year-on-year in June.

U.S. President Donald Trump's doubling of tariffs on imports from India to as much as 50% took effect as scheduled on Wednesday, dealing a serious blow to ties between the two countries that became strategic partners after the turn of this century. A punitive 25% tariff imposed due to India's purchases of Russian oil adds to Trump's prior 25% tariff on many imports from the South Asian nation and is expected to hurt growth in the world's fastest growing major economy The U.S. move takes total duties to as high as 50% for goods such as garments, gems and jewellery, footwear, sporting goods, furniture and chemicals - among the highest imposed by the U.S. and on par with Brazil..

An additional 25% tariff likely to reduce Indian exports, widen the trade deficit, and add further stress to the rupee.

The dollar weakened against major currencies on Thursday, as traders added to bets that the Federal Reserve will cut interest rates next month after New York Fed chief John Williams signaled such a move was possible.

The euro was 0.43% higher at \$1.1688. Sterling also rose 0.13% to \$1.3516. The dollar index , which gauges the currency against six major peers, was last trading down 0.34%

at 97.830, following two days of declines. Against the yen, the dollar fell 0.40% to 146.815 yen.

Measured against a basket of six major currencies , the dollar has weakened by more than 9% this year. The euro has been the lead gainer in the basket with a climb of more than 12%.

Upcoming data points which could influence the central bank's policy path include the Fed's preferred inflation gauge, the PCE price index, on Friday, and monthly payrolls figures for August, due a week later.

Markets are now pricing an 85% chance the Fed will ease rates by a quarter-point next month from 95% last week before PPI numbers, according to CME's FedWatch, with just under 60 basis points worth of cuts expected by December, implying two 25 basis point cuts and a 40% chance of a third. Markets are pricing in a cumulative 14 basis point decline in ECB rates by the end of 2026, with hikes expected in late 2026 and 2027, compared to expectations of 130 basis points in Fed rate cuts in the same time frame.

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

| Indicator | Currency | Forecast | Previous | Impact |
|-----------|----------|----------|----------|--------|
|           |          |          |          |        |

|                          |     |      |      |      |
|--------------------------|-----|------|------|------|
| Core PCE Price Index m/m | USD | 0.3% | 0.3% | HIGH |
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**Support Resistance Levels - Currency Future: ( NSE CUR - 26 Sep 25)**

| Currency      | LTP    | S1     | S2     | R1     | R2     | Trend    |
|---------------|--------|--------|--------|--------|--------|----------|
| USDINR FUTURE | 87.70  | 87.35  | 87.0   | 88.10  | 88.80  | SIDEWAYS |
| EURINR FUTURE | 102.46 | 101.80 | 101.30 | 103.0  | 103.70 | BULLISH  |
| GBPINR FUTURE | 118.59 | 117.75 | 117.0  | 118.70 | 119.50 | BULLISH  |
| JPYINR FUTURE | 61.70  | 61.0   | 60.40  | 62.50  | 63.10  | SIDEWAYS |

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