

KEY HEADLINES:

The Indian rupee spot against the US dollar end almost flat on Wednesday, to trade between dollar demand from foreign bans as well OMC followed by weaker equity market, however lower level support seen from firm Asian peers and likely central banks intervention.

The rupee at NSE Future 26 June-25. ended flat by 1 paise at 85.57 against previous close of 85.58 and after make low of 85.50 and high of 85.85. India's overnight index swaps have priced in at least two rate cuts by the Reserve Bank of India as well, supporting a bullish outlook for the country's sovereign bonds.

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's industrial output grew 2.7% year-on-year in April, government data showed on Wednesday. Industrial output grew 3% in March and increased by 4% in fiscal year 2024-25.

U.S. Federal Reserve officials at their last meeting acknowledged they could face "difficult tradeoffs" in coming months in the form of rising inflation alongside rising unemployment, an outlook buttressed by Fed staff projections of increased risks of a recession, according to newly released minutes of the May 6-7 session. The combination of inflation and unemployment rising in tandem would leave central bank officials forced to decide whether to prioritize fighting inflation with tighter monetary policy or cutting interest rates to support growth and employment.

The Fed next meets on June 17-18, when the central bank will release new projections from policymakers about their outlook for inflation, employment and economic growth in coming months and years, and the projected interest rate they feel would be appropriate.

The U.S. dollar was boosted for a second day on Wednesday on optimism that trade deals will brighten the U.S. economic outlook, while the Japanese yen was weaker after the government saw soft demand for 40-year bonds. The dollar had little reaction to minutes from the Federal Reserve's May 6-7 meeting released on Wednesday.

The euro was last down 0.35% against the greenback at \$1.1288. Against the Japanese yen , the dollar strengthened 0.33% to 144.8. The dollar index rose 0.39% to 99.92. The yen fell around 1% against the greenback on Tuesday.

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
Prelim GDP q/q	USD	-0.3%	-0.3%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 26 June 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.57	84.90	84.40	86.0	86.50	SIDEWAYS
EURINR FUTURE	97.02	96.50	95.80	97.50	98.10	BULLISH
GBPINR FUTURE	115.39	114.50	113.60	116.0	116.80	BULLISH
JPYINR FUTURE	59.55	59.20	58.50	60.20	61.0	BEARISH

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