

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end higher on Tuesday, tracking gain in Asian peers, added by fall in dollar index towards fresh more than 3-year low added by inflows expectations after rally in equity market and slump in Crude oil prices.

The rupee at NSE Future 29 July-25. ended gain by 25 paise at 85.62 against previous close of 85.87 and after make low of 85.57 and high of 85.77. Asian currencies were mostly up between 0.1% and 0.4%, while the dollar index declined 0.3% to 96.37, its lowest level since February 2022.

Rupee posted modest losses of 0.2% and 0.3% respectively for the month June and qtr, underperforming most Asian peers amid a broad dollar downtrend. Asian peers such as the Taiwan dollar and Korean won have risen about nearly 13% and 8% year-to-date, respectively, while the offshore Chinese yuan, a closely tracked peer of the rupee, is up over 2%.

The dollar index is down over 10% on the year so far, worst H1 since 1973, bogged down by worries over U.S. fiscal policies, uncertainty over trade deals ahead of a looming deadline and concerns over the future independence of the Federal Reserve have all hurt the dollar this year.

India collected 1.85 trillion rupees (\$21.64 billion) in goods and services tax in June, 6.2% higher than the same period last year, the government said on Tuesday.

India's manufacturing activity accelerated to a 14-month high in June, driven by a substantial rise in international sales that boosted output and sparked record-breaking hiring, a business survey showed on Tuesday. The HSBC India Manufacturing PMI, compiled by S&P Global, climbed to 58.4 in June from May's 57.6 and in line with expectations. The PMI threshold of 50.0 separates growth from contraction in activity.

The U.S dollar gained ground against major currencies including the euro and the Swiss franc on Tuesday after data showed a better-than-expected increase in labor market demand, indicating the Federal Reserve will likely take its time to cut interest rates.

The Republican-controlled U.S. Senate passed President Donald Trump's tax and spending bill, approving a massive package that would enshrine many of his top priorities into law and will add \$3.3 trillion to the national debt. The bill will move to the

House for final approval.

Federal Reserve Chair Jerome Powell had reiterated that the central bank plans to wait for more data before it starts monetary policy easing, but he did not rule out a July cut. Powell spoke at a central banking conference in Portugal.

The dollar weakened 0.22% to 143.67 against the yen and was up 0.06% to 0.7925 versus the Swiss franc, compared with a drop of 0.46% and 0.28% respectively before the data. The euro was last down 0.20% at \$1.176525 after being up 0.05% earlier in the day. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.161% at 96.908 after being down 0.05% to 96.71. It is on track to snap eight straight sessions of losses. The yield on benchmark U.S. 10-year notes rose 4.1 basis points to 4.267%. The pound sterling weakened 0.11% to \$1.3719 against the dollar, extending losses after Trump's spending bill was approved. The dollar strengthened 0.11% to 7.164 versus the offshore Chinese yuan.

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.15% to 97.05, on track for its 6<sup>th</sup> - straight month of losses. It is set to mark its worst half-year since the 1970s.

Fed funds futures traders are pricing in 23% odds of a July cut, up from 13% a week ago, while a cut by September has a 93% probability, according to the CME Group's FedWatch Tool. In total, traders see 66 basis points of cuts by year-end, indicating a potential third 25-basis point reduction, up from 46 basis points on Friday.



### **Support Resistance Levels – Currency Future: ( NSE CUR - 29 July 25)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.62	85.50	84.90	86.30	87.10	BEARISH
EURINR FUTURE	101.27	100.40	99.70	101.40	102.10	BULLISH
GBPINR FUTURE	117.96	117.0	116.30	118.10	119.0	BULLISH
JPYINR FUTURE	60.10	59.50	59.0	60.40	61.0	SIDEWAYS

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