

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end lower on Tuesday, inch closer to 87 mark, due to month end dollar demand from importer banks, rebound in dollar especially against Euro and outflow concern after recent sell off in equity market keep rupee under check ahead of eventful week including FED & BOJ rate decision, Trade deal deadline on Aug 1 and U.S Non Farm data.

Both the Fed and the Bank of Japan are expected to hold rates steady at policy meetings this week, but traders will watch subsequent comments to gauge the timing of the next moves.

The rupee at NSE Future 26 Aug-25. ended down by 10 paise at 86.95 against previous close of 86.85 and after make low of 86.89 and high of 87.07.

Over the last 15 sessions, the rupee has closed stronger only twice. the weakness mainly due to uncertainty over U.S.-India trade negotiations, weak portfolio flows and dollar demand from importers. The risk of the rupee coming under further pressure will be among the considerations for the Reserve Bank of India at its upcoming policy review next week.

The Indian central bank on Tuesday capped lenders' collective investments in so-called alternative investment funds at 20% of the funds' corpus. Alternative investment funds are privately pooled funds investing in listed, unlisted and other asset classes. The investment cap for each lender has been fixed at 10%.

The International Monetary Fund (IMF) on Tuesday slightly upgraded its 2025 and 2026 economic growth forecasts for India, citing a more favourable global economic situation. The IMF revised its growth forecast for the South Asian country to 6.4% for both 2025 and 2026, up from the 6.2% it had projected in April.

India is among the few large U.S. trade partners that have not yet received a tariff letter. For India, though, the prospects of a trade deal before the August 1 deadline have dimmed, with talks deadlocked over tariff cuts on key agricultural and dairy products.

The dollar hit a one-month high versus the euro on Tuesday in the wake of a string of trade agreements between the United States and its major trade partners, while markets await interest rate decisions from the Federal Reserve and the Bank of Japan.

U.S. and Chinese officials finished two days of talks in Stockholm on Tuesday. While there were no signs of breakthroughs, both sides agreed to extend a 90-day tariff truce struck in mid-May, China's top trade negotiator, Li Chenggang, said.

The euro was down 0.39% against the dollar at \$1.154775, hitting its lowest level since June 23. The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, rose 0.30% to 98.91, hitting its highest level since June 23. The index is set to record its first month of gains this year. The dollar was down 0.05% to 148.465 against the Japanese yen . Against the Swiss franc , the dollar strengthened 0.28% to 0.806 franc.

Market expectations that the Fed will leave rates unchanged at its July meeting rose to a 95% probability, according to the CME's Fedwatch tool, while a cut by September has a 60% probability, according to the CME Group's FedWatch Tool. In total, traders see 44 basis points of cuts by year-end, indicating a potential third 25-basis point reduction, up from 48 basis points last week.

### Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
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ADP Non-Farm Employment Change	USD	77k	-33k	HIGH
Advance GDP q/q	USD	2.5%	-0.5%	HIGH
Federal Funds Rate	USD	4.50%	4.50%	HIGH

### Support Resistance Levels - Currency Future: ( NSE CUR - 26 Aug 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	86.95	86.35	85.70	87.10	87.70	BULLISH
EURINR FUTURE	100.78	100.30	99.50	101.40	102.10	SIDEWAYS
GBPINR FUTURE	116.14	116.0	115.30	116.60	117.40	SIDEWAYS
JPYINR FUTURE	59.0	58.50	58.0	59.60	60.20	SIDEWAYS

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