

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end little gain on Wednesday, as likely central bank intervention and inflows expectations support rupee against pressure from uncertainty over U.S – India trade deal, recovery in dollar index and month end dollar demand from OMC as well importer banks to keep rupee under check.

The rupee at NSE Future 26 Nov-25. ended gain by 10 paise at 88.34 against previous close of 88.44 and after make low of 88.29 and high of 88.49. Asian currencies were mixed on the day, with the offshore Chinese yuan perched near a one-month peak.

The rupee has declined 3% so far this year, and hit a record low of 88.80 last month.

A divided U.S. Federal Reserve cut interest rates by a quarter of a percentage point on Wednesday and announced it will restart limited purchases of Treasury securities after money markets showed signs that liquidity was becoming scarce, a condition the U.S. central bank has pledged to avoid. The rate cut, which included a nod to the data limits the Fed faces during the current federal government shutdown, drew dissents from two policymakers, with Governor Stephen Miran again calling for a deeper reduction in borrowing costs and Kansas City Fed President Jeffrey Schmid favoring no cut at all given ongoing inflation. The balance sheet decision will keep the total amount of the central bank's holdings steady on a month-to-month basis as of December 1, but shift its portfolio by reinvesting the proceeds of maturing mortgage-backed securities into Treasury bills. The 10-2 decision to lower the policy rate to a range of 3.75%-4.00% was expected by investors as a way for the Fed to temper any further decline in a job market policymakers worry may be losing steam.

The Indian rupee's exchange rate is not a policy tool to fight trade tariffs, a senior Indian central bank official said on Wednesday. The exchange rate does not serve as a policy tool in a market where its level is determined by market forces, Reserve Bank of India Deputy Governor Poonam Gupta said at an event in Mumbai.

Central banks may dominate market direction later this week, the European Central Bank and Bank of Japan on Thursday are likely to leave rates unchanged. The Bank of Japan is expected to hold rates steady when it concludes its two-day meeting on Thursday, but the focus will be on whether it provides clues on the timing of the next hike. The European Central Bank is also expected to leave rates unchanged on Thursday.

Investors are keeping their focus on U.S. President Donald Trump's Asia visit for signs of

a breakthrough in trade talks with China as Trump and Chinese President Xi Jinping meet in South Korea on Thursday. Optimism remains intact that President Trump and Xi can agree on a meaningful trade truce.

The dollar was mixed on Wednesday before the Federal Reserve is expected to cut rates, with investors focused on Fed Chair Jerome Powell's outlook for the economy even as the federal government shutdown leaves a vacuum of economic data.

Traders are currently pricing in 25 basis points of Fed easing by December and a total of 105 basis points by the end of 2026, about 25 bps less than levels seen in mid-September.

Money market traders are now pricing in a 26% chance that the BoJ will raise interest rates at its next policy meeting on October 30.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
	EUR	2.15%	2.15%	HIGH



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