

KEY HEADLINES:

The Indian rupee spot against the US dollar ended marginally lower on Wednesday, as market awaits the announcement of U.S. reciprocal levies that could stoke global trade tensions further and weigh on economic growth, makes short covering after last few days move. However, dollar sales by foreign bank and gain in equity market restrict rupee fall in today's trade.

The rupee at NSE Future 28 April-25. ended fall by 3 paise at 85.72 against previous close of 85.69 and after made low of 85.69 and high of 85.94.

The White House will announce fresh duties on U.S. imports at 2000 GMT, with the tariffs expected to take effect immediately.

However, market indicators are signalling that rupee traders are not too bothered by tariff risks. Overnight options are pricing in a 25-30 paisa swing following the announcement, only a tad higher than the rupee's average intraday range of 21 paisa this year so far.

India's manufacturing activity expanded at the fastest pace in 8-months in March, rebounding from a more than 1-year low due to strong domestic demand, while output inflation declined to its lowest in a year, a private survey showed on Wednesday. The HSBC India Manufacturing PMI, compiled by S&P Global, bounced to 58.1 in March from 56.3 in February, higher than forecast of 57.6 and firmly above 50.0 which separates growth from contraction.

With inflation close to the RBI's target and growth weak, the country's overnight indexed swap (OIS) markets have started pricing in far more aggressive rate cuts by the central bank than previously anticipated. OIS rates, the closest gauge of interest rate expectations, have eased by 10-15 basis points so far in March, with the absolute levels hinting at more than 50 basis points of rate cuts cumulatively over the next 12 months. The one-year OIS rate stands around 6.10%, its lowest level since August 2022, while the five-year rate was around 5.90%, near its lowest level since March 2022.

The U.S. dollar fell against major currencies such as the euro, and sterling on Wednesday, while the safe-haven yen tumbled, as traders awaited details of U.S. President plans for tariffs, which could reshape the global trading system. While moves overall have been muted, risk sentiment seemed to have improved based on the price action, perhaps tracking U.S. equities.

The dollar, meanwhile, slid 0.3% against a basket of currencies to 103.85. That comes after the greenback dropped 3.1% in March, its worst monthly performance since November 2022. The euro rose 0.6% against the dollar to \$1.0852, after earlier hitting a two-week high, while sterling climbed

0.4% to \$1.2978. Against the Japanese currency, the dollar gained 0.3% to 150.13 yen.

U.S. interest rate futures priced in a cut of just over half a percentage point this year, with traders seeing a 62.1% chance of the Fed resuming rate cuts at its meeting in June, according to LSEG estimates, compared with a 57% chance before the announcement. Money markets now price in around 67 basis points of further BoE easing by the end of the year.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
OPEC-JMMC Meetings				HIGH
ISM Services PMI	USD	53.0%	53.5%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 28 April 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.72	85.60	85.0	86.40	86.80	BEARISH
EURINR FUTURE	92.67	92.30	91.50	93.30	94.0	BEARISH
GBPINR FUTURE	110.93	110.70	110.0	111.50	112.20	SIDEWAYS
JPYINR FUTURE	57.68	57.35	56.90	58.0	58.60	SIDEWAYS

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