

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end higher on Monday, thanks to fall in dollar index after U.S President threat fresh tariff round & geopolitical concern, while likely portfolio inflows also support rupee during the day. Inflows related to the rejig of a global equity index helped the rupee move higher in early trading while broad-based dollar weakness was an added tailwind

The rupee at NSE Future 26 June-25. ended higher by 16 paise at 85.53 against previous close of 85.69 and after make low of 85.43 and high of 85.69. The offshore Chinese yuan was little changed at 7.19 while the Malaysian ringgit led losses among Asian peers, with a 0.5% decline.

Domestically, the focus this week lies on the Reserve Bank of India's upcoming monetary policy decision due on June 6. The central bank is widely expected to deliver its third 25-basis-point rate cut.

India's manufacturing growth slowed to a three-month low in May as demand softened amid price pressures and geopolitical tensions but job creation hit a record high, a survey showed on Monday. The HSBC India Manufacturing PMI, compiled by S&P Global, fell to 57.6 in May from 58.2 in April, lower than expected 58.3, but still well above the 50.0 level that separates growth from contraction.

Rainfall over India is likely to remain subdued for over a week as the annual monsoon's progress has stalled after its earliest onset in 16-years, though it is likely to pick up again from June 11, two senior weather bureau officials said on Monday. Monsoon rainfall will be subdued in the next few days, but from June 11-12, the monsoon will strengthen and start covering the remaining parts of the country, said S. D. Sanap, scientist with the India Meteorological Department's (IMD) Pune office. Monsoon onset over Kerala occurred on May 24 and quickly covered southern, northeastern and some parts of western India ahead of its usual schedule, but its progress has stalled for the past few days, according to an IMD chart that tracked the monsoon's progress.

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 fell across the board on Monday, giving up the previous week's gains, as markets weighed the outlook for U.S President's tariff policy and its potential to hurt growth and stoke inflation.

The dollar dropped 0.8% to 142.85 yen , nearly wiping out its gain against the Japanese currency last week. The euro rose 0.8% to \$1.14355 - its highest since late April. Later in the week, the focus will be on the European Central Bank's interest rate decision and subsequent outlook. The dollar index, which measures its performance against six other major currencies , eased 0.6% and at 98.75 was just shy of the three-year low of 97.923 touched in late April.

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.

Bitcoin, the world's largest cryptocurrency by market capitalisation, was 0.7% lower on the day at \$104,315.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
JOLTS Job Openings	USD	7.11M	7.19M	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.53	84.90	84.30	86.0	86.50	SIDEWAYS
EURINR FUTURE	97.79	97.0	96.40	98.0	98.90	BULLISH
GBPINR FUTURE	115.75	114.90	114.0	116.0	116.80	BULLISH
JPYINR FUTURE	59.99	59.50	59.0	60.20	61.0	SIDEWAYS

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