Date: 3 Sep 2025

Daily Forex Insight

KEY HEADLINES:

The Indian rupee spot against the US dollar end marginally higher on Tuesday, as dolar demand from importer bank & outflow concern due to sell off in equity market keep pressure at gain seen earlier of the day.

The rupee at NSE Future 26 Sep-25. ended higher by 5 paise at 88.26 against previous close of 88.31 and after make low of 87.93 and high of 88.30.

The Rupee fell 0.7% in August, its 4th - consecutive monthly decline. The Rupee is the worst-performing Asian currency year-to-date, down about 3% against the dollar, and the underperformance is expected to continue as Indian goods face the highest U.S. tariffs among Asian countries. Higher tariffs are likely to drag the nation's export competitiveness, and a slowdown in exports could weigh on corporate revenues and profits.

Foreign investors have pulled out $2.4 billion from Indian equities over the past three sessions, and continuous outflows are expected to exacerbate volatility in the currency and equity markets.

Sterling and the Japanese yen slumped on Tuesday on growing investor anxiety about government finances, allowing the dollar to claw back some ground, while traders looked toward Friday's U.S. jobs report for signals on the greenback's next turn.

Renewed pressure on bond markets, with Britain's 30-year borrowing costs rising to their highest levels since 1998, spilled over into currency markets, while gold hit fresh record highs.

Sterling fell to a 3-1/2 week low and was 1.24% lower in afternoon trade at $1.3375. The dollar strengthened 0.84% to 148.40 yen , hitting its highest against the Japanese currency since August 1. The euro fell 0.61% to $1.1637. Against a basket of major currencies , it was up 0.74% Tuesday afternoon, at 98.37.

Markets are now pricing an 91% chance the Fed will ease rates by a quarter-point next month from 95% last week before PPI numbers, according to CME's FedWatch, with just under 60 basis points worth of cuts expected by December, implying two 25 basis point cuts and a 40% chance of a third. Markets are pricing in a cumulative 14 basis point decline in ECB rates by the end of 2026, with hikes expected in late 2026 and 2027, compared to expectations of 130 basis points in Fed rate cuts in the same time frame.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
	USD	7.38M	7.44M	HIGH

JOLTS Job Openings				

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	88.26	87.80	87.35	88.50	89.20	BULLISH
EURINR FUTURE	102.87	102.20	101.40	103.90	104.50	BULLISH
GBPINR FUTURE	118.23	117.30	116.50	119.30	120.0	BEARISH
JPYINR FUTURE	59.60	59.50	59.0	60.10	60.60	SIDEWAYS

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