

KEY HEADLINES:

The Indian rupee against the US dollar ended at record losing low on Wednesday weighed down by dollar demand from OMC, rally in dollar index and US Treasury yield and weak Asian peers against expected funds flow into equity as well debt market. The rupee ended just shy of its historical low of 83.45 hit last week.

Indian rupee's exchange-traded options went into a tizzy on Wednesday after brokers asked clients to submit proof of underlying exposure on their derivative contracts or unwind their existing positions. This came after brokers thought a central bank rule, to be effective on April 5, that exchange-traded rupee derivative transactions can be used only for hedging meant brokers had to collect proof of such exposure before allowing such trades.

The premium on out-of-the-money dollar/rupee put options expiring on April 26 soared up to 250%, despite spot dollar/rupee inching up 0.04% to 83.4200. Out-of-the-money call options for the April 26 expiry climbed between 100% and 300%.

The rupee at NSE Future 26 April. ended lower by 6 paise at 83.53 against previous close of 83.47 and after make low of 83.40 and high of 83.58. Most Asian currencies fell with the Thai baht down 0.3% and leading losses, while the offshore Chinese yuan also weakened 0.1% to 7.26.

Brent crude oil futures were at \$89.21 per barrel, hovering close to their highest level since October as rising geopolitical tensions fuelled concerns about supply.

Bloomberg Index Services said it will include 34 Indian government bonds that are open for investment under the country's fully accessible route in its emerging market local currency indexes from January 2025. The announcement follows JP Morgan's decision to add Indian government bonds in its Government Bond Index-Emerging Markets from June 2024.

The dollar index held near its highest level in over four months on Wednesday, pinning the yen close to its lowest its decades, though the increased threat of currency intervention by Tokyo capped further declines in the Japanese currency.

Federal Reserve officials including U.S. central bank chief Jerome Powell on Wednesday continued focusing on the need for more debate and data before interest rates are cut, a move financial markets expect to occur in June. His remarks repeated language the Fed

has adopted as it tries to balance the risks of cutting interest rates before inflation is truly controlled with the risks of suppressing economic activity more than is needed.

The Japanese yen was last at 151.8 per dollar, little recovered from last week's slump to 34-year lows of 151.975. The dollar index was last down 0.278% at 104.48, around its highest level since November. The benchmark 10 year U.S. Treasury yield hit a four month high of 4.405% on Tuesday.

Traders are pricing in a 41% probability the Fed will begin cutting rates in June, up from 30% week ago, according to the CME Group's **FedWatch Tool**. The market has also factored in two more cuts of 25 basis points each for the year, taking down the fed funds rate to 4.46% by the end of 2024.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

Unemployment Claims	USD	213k	210k	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.53	83.20	82.75	83.80	84.50	BULLISH
EURINR FUTURE	90.22	89.40	88.70	90.35	91.10	SIDEWAYS
GBPINR FUTURE	105.27	104.65	103.80	106.05	106.50	SIDEWAYS
JPYINR FUTURE	55.50	55.20	54.70	56.15	57.10	BEAERISH

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