

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar fall sharply to end record lower on Monday, its biggest single-day percentage loss since Jan 13, tracking fall in Asian peers after US president impose tariff on Canada & Mexico 25% and China 10% which makes dollar index front foot & rally towards 3-week high, taking fears of a trade war that rattled global financial markets. However, likely central bank intervention help rupee to manage somehow from sharp fall.

The rupee at NSE Future 25 Feb-25. ended fall by 55 paise at 87.33 against previous close of 86.78 and after make low of 86.87 and high of 87.48. Amid persistent headwinds and expectations of the central bank easing its grip, the rupee's 1-month implied volatility has averaged about 3.5% so far in 2025, up from the average of 2% last year.

Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record.

U.S. President paused new tariffs on Mexico for one month after Mexico agreed on Monday to reinforce its northern border with 10,000 National Guard members to stem the flow of illegal drugs. The agreement also includes a U.S. commitment to prevent trafficking of high-powered weapons to Mexico, Mexican President Claudia Sheinbaum said on X. The two leaders spoke by phone on Monday, just hours before U.S tariff on Mexico, China and Canada were set to take effect - steep levies that economists say would cause widespread economic harm, including raising prices for U.S. businesses and consumers.

Asian and European stocks fell on Monday, while U.S. equity futures pointed sharply lower. The Mexican peso tumbled more than 2% to touch its lowest in nearly three years, while the offshore Chinese yuan fell 0.3%.

India's factory activity started 2025 on a positive note, growing at the quickest pace in six months in January largely buoyed by resilient demand and strong output, a private survey showed on Monday, encouraging firms to hire at a record rate. The HSBC final India Manufacturing PMI, compiled by S&P Global, rose to 57.7 last month from December's 12-month low of 56.4. It was a tad below an early estimate that showed a rise to 58.0. The index has been above the 50-mark separating expansion from contraction since July 2021.

So far in January, the rupee has declined more than 1.5% and is the worst performer among major Asian currencies due to persistent outflows and uncertainty about the U.S. President's approach to trade tariffs.

Other side, Foreign investors have sold nearly \$9 billion of local stocks and bonds, on a net basis, this month. The BSE Sensex and Nifty 50, India's benchmark equity indexes, are on a four-month losing streak, set for their worst such run in 23 years as weak earnings, foreign outflows and economic uncertainty have taken the wind out of the sails of a market that hit record highs just four months back.

In 2025, traders will keep an eye on potential U.S. trade tariffs which may dampen the outlook for emerging market currencies, especially the Chinese Yuan. India's growth trajectory and FPI funds flow will be the other key variable alongside any potential changes in RBI's forex strategies under the new governor.

The dollar index was lower on Monday after U.S. President Donald Trump paused new tariffs on Mexico for one month, after the country agreed to reinforce its northern border with 10,000 National Guard members to stem the flow of illegal drugs, Trump said. Mexico and the U.S. will use the month-long suspension to engage in further negotiations, Trump said.

the dollar index was down 0.639% at 108.81. It had touched a three-week high of 109.88 in early trading. The delay boosted the Mexican peso . It was last up 0.95% against the dollar at 20.481. Earlier, it fell to its lowest in nearly three years at 21.2882 per U.S. dollar.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
JOLTS Job Openings	USD	8.01M	8.10M	HIGH


### **Support Resistance Levels – Currency Future: ( NSE CUR - 25 Feb 25)**

Currency	LTP	S1	S2	R1	R2	Trend
<b>USDINR FUTURE</b>	<b>87.33</b>	<b>86.80</b>	<b>86.30</b>	<b>87.50</b>	<b>88.0</b>	<b>BULLISH</b>
<b>EURINR FUTURE</b>	<b>89.57</b>	<b>88.80</b>	<b>88.0</b>	<b>90.10</b>	<b>91.0</b>	<b>BEARISH</b>
<b>GBPINR FUTURE</b>	<b>107.51</b>	<b>107.0</b>	<b>106.60</b>	<b>108.20</b>	<b>109.0</b>	<b>SIDEWAYS</b>
<b>JPYINR FUTURE</b>	<b>57.0</b>	<b>56.50</b>	<b>56.0</b>	<b>57.10</b>	<b>57.70</b>	<b>BEARISH</b>

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