

KEY HEADLINES:

The Indian rupee spot against the US dollar end higher on Monday, tracking gains in Asian peers amid fall in dollar index and stable equity market after last few days fall added by likely central bank intervention, while upside seen limited due to uncertainty about tariff time and cost added by outflow concern after continue selloff in domestic equity market by overseas investors pressure rupee at every rally.

The rupee at NSE Future 26 Mar-25. ended gain by 9 paise at 87.46 against previous close of 87.55 and after make low of 87.38 and high of 87.55.

U.S. President Donald Trump last week indicated that tariffs on Canada and Mexico will come into effect on Tuesday, with the rate of tariffs on Chinese imports also set to rise on the same day. U.S. Commerce Secretary said on Sunday that Trump would decide whether to stick with the 25% level, further creating uncertainty in global markets. These comments were the first indication from Trump's administration that it may not impose the full threatened level of 25% tariffs.

India's manufacturing activity grew at its weakest pace in over a year last month due to cooling demand, but employment generation rose at a healthy pace and inflation eased, a private survey showed on Monday. The HSBC final India Manufacturing PMI, compiled by S&P Global, fell to 56.3 in February - its lowest since December 2023 - from 57.7 in January and against expected much higher at 57.1. However, the index has been in expansionary territory - above 50 - for 44 consecutive months, the longest streak since July 2013, which marked 52 months of continuous growth.

The Indian currency dropped 1% in February, logging its fifth straight monthly loss. India's sluggish economic growth, the recent RBI interest rate cut, foreign outflows from local stocks and uncertainty around U.S. President Donald Trump's stance on tariffs have spurred bearish bets on the rupee. Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record. The rupee is among Asia's worst-performing currencies in 2025 and slipped to a record low of 87.95 in February.

Reciprocal U.S. trade tariffs proposed by President are unlikely to have a significant negative bearing on the rupee, the head of global foreign exchange at Jefferies said. Analysts reckon the levies may hamper exports such as petrochemicals and pharmaceuticals, which make up about one-fifth of India's exports to the U.S. India charged a weighted average tariff of about 11% in 2023, around 8.2 percentage points

higher than U.S. tariffs on Indian exports, according to estimates from Citi.

The U.S. ISM manufacturing and services data and the non-farm payrolls data are due later this week, coming amid a backdrop of worries that the world's largest economy is heading for a slowdown.

The euro rebounded on Monday as hopes for a Ukraine peace deal improved along with prospects for tighter dollar-interest rate differentials ahead of a possibly pivotal steer on U.S. economic growth in the February payrolls report late in the week.

The Euro was up 1.11% at \$1.049, pulling away from Friday's low of \$1.0359. The euro jumped against other safe-haven assets such as the Japanese and the Swiss currencies. The U.S. dollar index - fell 0.67% to 106.59 as investors kept an eye on Trump's tariff plans. Against the Japanese yen , the dollar weakened 0.27% to 150.19.

Markets are currently pricing in 57 bps of rate cuts from the U.S. Federal Reserve by the end of the year, with expectations for a cut of at least 25 bps not topping 50% until the June meeting. Money markets now price in around 67 basis points of further BoE easing by the end of the year. And Markets are now pricing in roughly another 37 basis points worth of increases by December from Bank of Japan.

Bitcoin surged back to the cusp of \$95,000 earlier on Monday, before dipping back under \$90,000, after Trump named the token as among those to be included in a new strategic cryptocurrency reserve. The world's largest digital currency fell below \$80,000 late last week amid an outflow from spot bitcoin ETFs, disappointment that Trump had not yet delivered on a promised bitcoin-positive crypto policy and selling in sympathy with the slide in tech shares on Wall Street. It was up more than 7% from late Friday at \$90,128.72. Ethereum was up about 3% at \$2,282.26.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	87.46	86.95	86.20	87.75	88.30	BULLISH
EURINR FUTURE	91.44	90.80	90.0	91.80	92.50	BULLISH
GBPINR FUTURE	110.59	110.0	109.50	110.80	111.50	BULLISH
JPYINR FUTURE	58.50	58.0	57.35	59.0	59.60	SIDEWAYS

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