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Daily Forex Insight

KEY HEADLINES:

The Indian rupee spot against the US dollar end marginally higher in second day on Wednesday, on long unwinding after record high earlier added by expected inflows, fall in Crude oil and likely central bank intervention despite fall in Asian peers & gain in Dollar index.

The rupee at NSE Future 26 Sep-25. ended higher by 12 paise at 88.14 against previous close of 88.26 and after make low of 88.06 and high of 88.40.

Indian Finance Minister Nirmala Sitharaman on Wednesday announced tax cuts on hundreds of consumer items ranging from soaps to small cars to spur domestic demand in the face of economic headwinds from punishing U.S. tariffs. The GST was criticised for its complicated structure and numerous tax categories. To simplify this, the panel approved the two-rate structure of 5% and 18%, instead of four rates currently. She said the GST will be removed from all individual life insurance policies and health insurance. Federal and state governments are estimated to lose 480 billion Indian rupees ($5.49 billion) due to the cuts that will be implemented from September 22, the first day of the Hindu festival of Navratri.

India's services sector growth accelerated to a 15-year high in August on robust demand, which also pushed prices higher at the fastest rate in over a decade, a business survey showed on Wednesday. HSBC's India Services Purchasing Managers' Index (PMI), compiled by S&P Global, jumped to 62.9 last month from 60.5 in July, but was much lower than expected65.6. Readings above 50.0 indicate growth on a monthly basis, while those below that level point to a contraction.

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.

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

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	88.14	87.80	87.35	88.50	89.20	BULLISH
EURINR FUTURE	102.83	102.20	101.40	103.90	104.50	BULLISH
GBPINR FUTURE	118.22	117.30	116.50	119.30	120.0	BEARISH
JPYINR FUTURE	59.41	59.30	58.70	60.10	60.60	SIDEWAYS

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