

## KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Thursday, pressure by dollar demand from OMC & importer banks added by tariff concern to impact exports, while lower side support seen from weakness in dollar index & GST cut boost for economy.

The rupee at NSE Future 26 Sep-25. ended lower by 7 paise at 88.21 against previous close of 88.14 and after make low of 88.06 and high of 88.26.

Foreign investors have sold \$1.3 billion of local stocks on a net basis in September so far, while government bonds accessible to foreigner have logged modest inflows. Foreign portfolio investors (FPIs) sold 232.9 billion rupees (\$2.7 billion) of Indian financial stocks in August, the highest monthly outflow in seven months, data from National Securities Depository showed. Overall, FPIs pulled \$4 billion from equities in August, also a seven-month high.

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.

The Rupee fell 0.7% in August, its 4<sup>th</sup> - 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.

The U.S. dollar edged higher on Thursday in a volatile week with markets eyeing a crucial jobs report, after data indicating labor market weakness reinforced expectations the FED will cut rates this month.

Data showed on Thursday that the number of Americans filing new applications for jobless benefits increased more than expected last week, consistent with softening labor

market conditions. Furthermore, the ADP National Employment Report showed U.S. private payrolls increased less than expected in August.

The dollar strengthened 0.33% to 148.585 against the Japanese yen . It was up 0.22% to 0.80615 against the Swiss franc . The greenback lost ground against both safe-haven currencies on Wednesday. The euro fell 0.13% to \$1.16455. The dollar index rose 0.20% to 98.334 after dropping in the previous session.

U.S. Treasury yields slipped. The 2-year note yield fell 1.8 basis points to 3.594%. The yield on benchmark U.S. 10-year notes fell 3.1 basis points to 4.18%. A closely watched auction of 30-year Japanese government bonds passed smoothly on Thursday.

Markets are now pricing an 97% 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

Non-Farm Employment Change	USD	75K	73K	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	88.21	87.80	87.35	88.50	89.20	BULLISH
EURINR FUTURE	102.89	102.20	101.40	103.90	104.50	BULLISH
GBPINR FUTURE	118.67	117.80	117.30	119.30	120.0	BEARISH
JPYINR FUTURE	59.49	59.20	58.60	60.10	60.60	SIDEWAYS

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