

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end almost flat on Thursday, as market awaits RBI rate policy meet outcome while foreign funds inflows into equity as well debt in last few days support rupee at lower level but dollar demand from foreign banks cap sharp gains in Indian rupee.

The rupee at NSE Future 27 Dec. ended gain by 6 paise at 84.81 against previous close of 84.87 and after make low of 84.79 and high of 84.86.

A majority of economists expect the Reserve Bank of India to keep interest rates on hold on Friday, retaining its focus on bringing inflation down even as global market volatility left other major central banks poised to ease policy.

The RBI's rate decision will be followed by the U.S. November monthly jobs report on Friday. The non-farm payrolls report will provide cues on whether the Fed will lower rates at its Dec. 17-18 meeting. Currently, the odds are heavily in favour of the Fed cutting rates by 25 basis points.

Measures from the U.S. President-elect -- including tariffs and tax cuts -- should put upward pressure on inflation and bond yields while limiting the Fed's scope to ease policy and supporting the greenback. The dollar index is up more than 2.5% in November so far while the U.S. 10-year Treasury yield touched an over-5-month high of 4.50% last week.

The euro rallied against the dollar on Thursday as French government bonds stabilized a day after the collapse of the French Govt., while bitcoin galloped to a record past \$100,000, as investors cheered the nomination of a pro-cryptocurrency head to run the U.S. Securities and Exchange Commission.

The spread between French and German 10-year yields narrowed on Thursday to 77.2 basis points (bps) , the tighest gap since Nov.22.

The dollar index , which measures the U.S. currency against six rivals, fell 0.5% to 105.83. The euro was last up 0.6% at \$1.0567, further moving away from the two-year low of \$1.0332 hit at the end of November. the Japanese yen rose as high as 149.66 per dollar but was last up 0.3% at 150.18.

The market was pricing a roughly 76% chance of a quarter-point hike at its next policy

meeting on Dec. 19, little changed from before the speech. Markets now imply about 150 basis points of ECB easing by the end of next year, compared with around 75 basis points from the Fed.

The ECB will next meet on Dec. 12, and economists overwhelmingly expect another 25 basis point rate cut, the fourth such move this year.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Non-Farm Employment Change	USD	218K	12K	HIGH
Prelim UoM Consumer Sentiment	USD	73.3	71.8	HIGH

### **Support Resistance Levels – Currency Future: ( NSE CUR - 27 Dec 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.81	84.70	84.30	85.0	85.60	BULLISH
EURINR FUTURE	89.35	89.00	88.35	89.85	90.50	BEARISH
GBPINR FUTURE	108.02	107.40	106.60	108.10	109.0	BULLISH
JPYINR FUTURE	57.22	56.70	56.0	57.30	58.0	BULLISH

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