

KEY HEADLINES:

The Indian rupee spot against the US dollar end again on record closing low on Thursday, tracking weakness in Asian peers & gain in dollar index, also traders seen position ahead of RBI policy meeting outcome added by outflow concern after fall in domestic equity market. However, likely central bank intervention help rupee to fall sharply.

The rupee at NSE Future 25 Feb-25. ended down by 13 paise at 87.69 against previous close of 87.56 and after make low of 87.63 and high of 87.72.

The currency has declined over 2% so far in 2025 and is the worst performer among major Asian currencies. Persistent foreign outflows, uncertainty surrounding U.S. trade tariffs and expectations of domestic rate cuts have all weighed on the rupee. Spot Rupee surpass from 84 to 87 in just 3-months time period, one of the shortest in record.

Short bets on the rupee have risen to their highest since mid-July 2022 even as the bearish outlook on other regional currencies has eased, according to a Reuters poll.

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 Bank of England cut interest rates by a quarter-point to 4.5% from 4.75% and some policymakers wanted a bigger move to offset a slowdown, but the BoE said it would be careful about further moves in the face of an expected inflation spike and global economic uncertainty.

The yen touched an eight-week high versus the dollar on Thursday after a Bank of Japan policy board member advocated continued interest rate hikes, while sterling slid as the Bank of England cut rates.

Sterling had touched a one-month high at \$1.2437 on Wednesday. The dollar index was

up against a basket of peers at 107.92, but it still hovered near the lowest level since the start of last week, with investors beginning to entertain prospects that a global trade war could be averted. The euro edged down 0.36% to \$1.0363.

The dollar index hit a two-year high of 110.17 on January 13, but has since retreated 2%.

The yen strengthened as far as 151.81 per dollar - the strongest level since December 12. The offshore yuan weakened slightly to 7.2895 per dollar.

Money markets now price in around 67 basis points of further BoE easing by the end of the year.

Economic Indicators to be released.

| Indicator | Currency | Forecast | Previous | Impact |
|----------------------------|----------|----------|----------|--------|
| Non-Farm Employment Change | USD | 169K | 256K | HIGH |
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Support Resistance Levels – Currency Future: (NSE CUR - 25 Feb 25)

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|---------------|--------|--------|-------|--------|--------|---------|
| USDINR FUTURE | 87.69 | 87.30 | 86.80 | 87.75 | 88.50 | BULLISH |
| EURINR FUTURE | 90.89 | 90.20 | 89.60 | 91.40 | 92.0 | BULLISH |
| GBPINR FUTURE | 108.87 | 108.75 | 108.0 | 109.90 | 110.50 | BULLISH |
| JPYINR FUTURE | 58.03 | 57.20 | 56.50 | 58.20 | 59.0 | BULLISH |

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