

**KEY HEADLINES:**

The Indian rupee spot against the US dollar end lower on Thursday, pressure by dollar demand from importer as well OMC and growth concern despite fall in dollar index near 4-month low, fall in Crude oil prices towards multi year low, gain in domestic equity market and concern about slowdown in US Economy.

The rupee at NSE Future 26 Mar-25. ended down by 3 paise at 87.21 against previous close of 87.18 and after make low of 86.95 and high of 87.25. Dollar-rupee forward premiums dropped sharply after the Reserve Bank of India (RBI) announced it would conduct a \$10 billion 3-year dollar-rupee buy-sell swap later this month. The 1-year implied yield dropped as much as 15 basis points to 2.02% in early trade before paring its decline.

In his first speech before U.S. lawmakers since taking office, Trump said on Tuesday that further tariffs would follow on April 2, including "reciprocal tariffs" and non-tariff actions aimed at balancing out years of trade imbalances.

China pledged more fiscal stimulus on Wednesday, signalling greater efforts to boost consumption to protect economic growth amid heightened trade tensions with the United States. Policymakers set this year's GDP growth goal at roughly 5%, as expected. The offshore yuan edged up 0.2% to 7.2639 per dollar.

India's central bank said on Wednesday it will infuse \$21 billion in rupee liquidity into the banking system in a bid to ease lending conditions and boost economic growth. The Reserve Bank of India (RBI) "will continue to monitor evolving liquidity and market conditions and take measures as appropriate to ensure orderly liquidity conditions," it said in a press release. As part of the measures, the RBI will conduct two open market operations, totalling one trillion rupees (\$11.50 billion) on March 12 and March 18. It will also conduct a dollar-rupee buy-sell swap worth \$10 billion on March 24, the central bank said. Indian banks' liquidity deficit stood at 204.2 billion rupees as on March 4, the lowest level since December 15.

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 euro touched a four-month peak against the U.S. dollar on Thursday after the European Central Bank cut interest rates for the sixth time in nine months, as expected, but revised higher its near-term inflation forecast. The single European currency rose 0.5% to \$1.0848, after earlier hitting a 4-month high of \$1.0854. The euro has gained 4.5% so far this week, set for its biggest weekly jump since May 2009.

The European Central Bank cut interest rates again on Thursday but warned of "phenomenal uncertainty" including the risk that trade wars and more defence spending could fuel inflation, raising the prospect of a pause in its policy easing next month. Making its sixth cut since June, the ECB lowered the deposit rate to 2.5% in a nod to slowing inflation and faltering activity, and said monetary policy was becoming less restrictive of economic growth as inflation falls towards its 2% target.

the dollar index, was on a four-day losing streak on Thursday, falling to a four-month low. It was last down 0.4% at 103.88. The greenback fell 0.5% against the Canadian dollar to C\$1.4272.

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.

### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
ECB President Lagarde Speaks	EUR			HIGH
Non-Farm Employment Change	USD	159K	143K	HIGH
Fed Chair Powell Speaks	USD			HIGH


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

Currency	LTP	S1	S2	R1	R2	Trend
<b>USDINR FUTURE</b>	<b>87.21</b>	<b>86.90</b>	<b>86.20</b>	<b>87.75</b>	<b>88.30</b>	<b>SIDEWAYS</b>
<b>EURINR FUTURE</b>	<b>94.12</b>	<b>93.40</b>	<b>92.60</b>	<b>94.40</b>	<b>95.0</b>	<b>BULLISH</b>
<b>GBPINR FUTURE</b>	<b>112.21</b>	<b>111.60</b>	<b>110.80</b>	<b>112.60</b>	<b>113.50</b>	<b>BULLISH</b>
<b>JPYINR FUTURE</b>	<b>58.98</b>	<b>58.30</b>	<b>57.80</b>	<b>59.10</b>	<b>59.60</b>	<b>BULLISH</b>

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