

KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Tuesday, tracking fall in Asian peers & after dollar demand from importers at lower level, while weakness in dollar index & fall in Crude oil prices and strong FII inflows after last days rally in equity market limit losses in today's trade.

The rupee at NSE Future 28 May-25. ended lower by 12 paise at 84.51 against previous close of 84.39 and after make low of 84.40 and high of 84.76.

The offshore Chinese yuan retreated from a near six-month high hit on Monday on signs that the country's central bank may be unwilling to allow rapid appreciation amid sharp rallies seen in other Asian currencies – most prominently, the Taiwanese dollar. The local currency's 14-day correlation with the offshore Chinese yuan has risen to a near three-month peak as optimism about a softening of U.S. trade policies helped Asian currencies gain.

With the dollar nursing losses of 8% against major peers this year on the back of heightened policy uncertainty, carry trades on emerging market currencies could benefit. Carry investors borrow money from economies with low interest rates to fund investments in higher-yielding assets.

The Federal Reserve's policy decision due on Wednesday is focus this week, where the central bank is widely expected to keep rates steady but the attention will be on how policymakers are likely to navigate the economic of tariffs. The Bank of England also meets this week and is expected to lower interest rates by a quarter point on Thursday .

Britain and India clinched a free trade agreement on Tuesday, in a landmark deal that represents London's most significant post-Brexit pact, and was finalised in the shadow of U.S. Presidents tariff increases. The deal, between the world's fifth and sixth largest economies, has been concluded after three years of stop-start negotiations and aims increase bilateral trade by a further 25.5 billion pounds (\$34 billion) by 2040 with liberal market access and eased trade restrictions. The deal lowers tariffs on goods like whisky, advanced manufacturing parts and food products like lamb, salmon, chocolate and biscuits. It also agrees quotas on both sides for autos imports.

India's services sector growth picked up slightly in April after March's slowdown as demand expanded robustly, although optimism was its weakest in nearly two years, a survey showed on Tuesday. The HSBC India Services PMI, compiled by S&P Global,

rose marginally to 58.7 in April from 58.5 in March, lower than forecast of 59.1.

The U.S. dollar traded lower against major currencies including the yen on Tuesday amid market jitters over hoped-for U.S. trade deals, while the euro extended gains after the German parliament elected conservative leader Friedrich Merz as chancellor.

The U.S. dollar was last down 0.59% against the Japanese yen at 142.815. The euro was last up 0.28% to \$1.134550. Britain's pound gained 0.49% to \$1.33620.

Commerce Department data on Tuesday showed the U.S. trade deficit widened 14% to a record high of \$140.5 billion in March as businesses boosted imports of goods ahead of Trump's tariffs.

Markets now imply only a 37% chance of a Fed rate cut in June, down from 64% a month ago. Goldman Sachs and Barclays both shifted their cut calls to July from June and futures now point to more than 75 basis points worth of rate cuts by December this year.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Federal Funds Rate	USD	4.50%	4.50%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 28 MAY 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.51	83.90	83.30	84.80	85.35	BEARISH
EURINR FUTURE	95.85	95.10	94.50	96.30	97.20	BEARISH
GBPINR FUTURE	112.87	111.75	111.0	113.20	114.30	BEARISH
JPYINR FUTURE	59.19	58.30	57.70	59.50	60.10	SIDEWAYS

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