

## **KEY HEADLINES:**

The Indian rupee against the US dollar end marginally lower on Monday on dollar demand from oil marketing companies which eroded early gain when rupee hit almost 3-week high in morning session, due to strong foreign funds inflow.

The rupee at NSE Future 29 Jan. ended gain by 2 paise at 83.20 against previous close of 83.22 and after make low of 83.11 and high of 83.22. Most Asian currencies were rangebound, except for the Thai baht, which weakened by about 0.8%.

Indian rupee likely to trade in narrow range between 83.0 to 83.50 for some time now.

India's fuel consumption rose to a seven-month high in December to about 20.054 million metric tons, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed. Total consumption, a proxy for oil demand, in December rose by 6.2% from 18.89 million tons in November. It was up around 2.6% compared with the same period a year earlier.

Foreign portfolio investors (FPI) made record monthly purchases of Indian equities totalling 661.35 billion rupees (\$8 billion) in December, NSDL data shows, but the rupee was unable to gain much as the Reserve Bank of India likely stepped in to absorb large inflows. FPIs bought shares worth 427.33 billion rupees in the first half of December, marking a fortnightly record, driven by lower U.S. bond yields amid expectations of interest rate cuts by US FED.

Foreign investment in Indian government bonds saw a remarkable jump in the last three months of 2023, with JPMorgan's decision to add the debt to its indexes boosting inflows to a six-year high. Overseas investors net bought government bonds worth 350 billion rupees (\$4.2 billion) in October-December, pushing the full-year tally to 598 billion rupees, the highest since 2017, clearing house data showed.

The dollar dipped against the euro and yen on Monday as investors continued to digest last week's mixed U.S. economic data and looked ahead to a key inflation reading for fresh clues on when the Federal Reserve is likely to begin cutting interest rates.

The dollar index was last down 0.21% at 102.24, after gaining 1% last week, the most in six months. The index hit a 5-month low of 100.61 on Dec. 28. The euro rose 0.21% to \$1.09635. The greenback fell 0.37% to 144.08 Japanese yen.

This week's major economic release will be Thursday's consumer price inflation data for December. It

is expected to show that headline inflation rose 0.2% in the month, for a 3.2% annual gain.

Fed funds futures traders are pricing in Fed rate cuts beginning in March, though the odds of a move that soon have fallen. Traders now see a 66% chance of a March rate reduction, down from 89% a week ago, according to the CME Group's FedWatch Tool.

In cryptocurrencies, bitcoin rose 2.12% to \$44,874.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact


**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.20	83.0	82.30	83.55	83.85	SIDEWAYS
EURINR FUTURE	91.14	90.70	89.90	91.70	92.30	BEARISH
GBPINR FUTURE	105.71	105.20	104.40	106.55	107.40	SIDEWAYS
JPYINR FUTURE	57.85	57.50	57.0	58.50	59.30	BEARISH

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