

**KEY HEADLINES:**

The Indian rupee spot against the US dollar ended up on Tuesday, tracking gains in Asian peers as market takes it either way that U.S. President given till Aug 1 for trade deal negotiations, while equity related expected inflows also support rupee despite gain in dollar index as well Crude oil prices. The market seems to be taking the view that nothing is final and that these letters from U.S. President to 12 countries merely mark another iteration on the journey towards a trade deal.

The rupee at NSE Future 29 July-25. ended higher by 20 paise at 85.76 against previous close of 85.96 and after making low of 85.70 and high of 85.87. Dollar-rupee forward premiums retreated as traders trimmed wagers on rate cuts by the U.S. Federal Reserve. The 1-year dollar-rupee implied yield declined 4 basis points to 1.95%..

India's central bank said on Tuesday it will conduct a two-day variable rate reverse repo auction worth one trillion rupees (\$11.67 billion) on July 9. The move follows the central bank's decision last week to conduct a seven-day variable rate reverse repo auction worth 1 trillion rupees, which was held on July 4.

Trump said he will be announcing something soon on pharmaceuticals, along with semiconductor tariffs. He said the rate for medicines could reach 200% but that he would give drugmakers about one year "to get their act together." "Now today we're doing copper... I believe the tariff on copper, we're going to make it 50%."

Rupee posted modest losses of 0.2% and 0.3% respectively for the month June and quarter, underperforming most Asian peers amid a broad dollar downtrend. Asian peers such as the Taiwan dollar and Korean won have risen about nearly 13% and 8% year-to-date, respectively, while the offshore Chinese yuan, a closely tracked peer of the rupee, is up over 2%.

The pound rose on Tuesday, gaining against the likes of the yen after the U.S. announced 25% tariffs on imports from Japan and South Korea, as investors gravitated towards markets that are at less risk of being hit by hefty duties.

Market expectations that the Fed will leave rates unchanged at its July meeting rose to a 95.3% probability, up from 76.2% a day ago, according to the CME's Fedwatch tool, while a cut by September has a 93% probability, according to the CME Group's FedWatch Tool. In total, traders see 66 basis points of cuts by year-end, indicating a potential third

25-basis point reduction, up from 46 basis points on Friday.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact

FOMC Meeting Minutes	USD			HIGH

### Support Resistance Levels – Currency Future: ( NSE CUR - 29 July 25)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.76	85.50	85.25	86.30	87.10	SIDEWAYS
EURINR FUTURE	100.72	100.40	99.70	101.50	102.20	SIDEWAYS
GBPINR FUTURE	116.61	116.30	115.50	117.50	118.10	BEARISH
JPYINR FUTURE	59.33	59.0	58.40	60.10	61.0	BEARISH

Technical Research Analyst

Vibhu Ratandhara

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.  
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:

<https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186