

**KEY HEADLINES:**

The Indian rupee spot against the US dollar ended sharply lower to mark worst single day fall over a 2-years on Thursday, as ongoing border conflict between neighbor country hurt currency along with bond yield as well equity market, however likely central bank intervention prevent some losses but fail to get higher.

The rupee at NSE Future 28 May-25. ended sharply lower by 73 paise at 85.62 against previous close of 84.89 and after make low of 84.62 and high of 85.88. The rupee Spot closed down 1% at 85.71 against the U.S. dollar, its worst day since February 2023, after hitting a low of 85.7625 during the session. Dollar-rupee forward premiums also jumped with the 1-year implied yield rising 16 basis points to a near one-month high of 2.34%.

The rupee's 1-month implied volatility, a gauge of future expectations, rose to an over two-year high of 6.3%.

The rupee rose at the start of the session but weakened sharply after India said it had "neutralised" attempts by neighbor country to "engage" several military targets in its northern and western regions on Wednesday and early Thursday and they said it had shot down 25 Indian drones.

The BOE cut its main interest rate by 0.25 percentage points to 4.25% on Thursday, though with an unexpected three-way split among policymakers as U.S. President Donald Trump's tariffs weigh on global economic growth. The BoE said it thought the increase in tariffs by the U.S. and other countries would weigh somewhat on British economic growth and push down on inflation in Britain but it stressed how unclear the outlook remained.

Bitcoin topped \$100,000 on Thursday for the first time since early February, bolstered by a wide-ranging deal between the United States and the United Kingdom in a sign that perhaps U.S. President Donald Trump's trade war with the rest of the world is easing. By midday, bitcoin was trading at \$101,329.97, a 4.7% gain on the day. The world's biggest cryptocurrency has clawed its way back into positive territory for the year, although it remains below the record high of more than \$109,000 reached in January. Ether, the cryptocurrency for the Ethereum blockchain, surged more than 14% to \$2,050.46 after earlier hitting its highest since late March.

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.

The U.S. dollar gained against the safe-haven yen and Swiss franc on Thursday with market nerves calmed by news of a trade deal between the United States and Britain, while sterling reversed gains made after an interest rate cut from the Bank of England. U.S. President announced a "breakthrough" trade agreement with Britain via an Oval Office press conference on Thursday, although he said some of the details "are being written up."

Trump said he expects substantive negotiations between the United States and China when Treasury Secretary Scott Bessent and chief trade negotiator Jamieson Greer meet China's economic tsar, He Lifeng, in Switzerland on Saturday.

The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, rose 0.41% to 100.31, on track for a second session of gains. The euro was down 0.33% at \$1.1262. The dollar rose against the yen following Trump's announcement and was last up 0.98% at 145.185 yen. Against the Swiss franc , it was 0.48% stronger at 0.8275 franc. Sterling gave up earlier gains and was down 0.09% at \$1.32775.

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.



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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	85.62	84.90	84.40	85.90	87.0	BULLISH
EURINR FUTURE	96.79	95.90	95.0	97.0	97.90	SIDEWAYS
GBPINR FUTURE	113.94	112.85	112.0	114.10	115.0	BULLISH
JPYINR FUTURE	59.45	58.85	58.30	59.55	60.10	SIDEWAYS

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