

DATE: 18-12-2023

KEY HEADLINE

The Indian rupee against US dollar closed sharply higher to registered biggest single day jump in more than 8-months on Friday amid fall in dollar index after FED policy meet added by heavy dollar inflows after sharp record high equity market.

At the NSE Future Dec 29 contract, the rupee ended strong by 31 paise to closed at 83.03 against the previous close of 83.34 and made low of 82.97 and high of 83.35 during the day. It posted a biggest weekly rally since Aug last week by rising 0.40%.

Indian equity indices closed at fresh all time high and FII have bought equities worth \$5.1 billion in Dec so far, register strongest month of equity investments since July this year.

INR likely to trade strong 82.75 -82.80 belt for next week.

Friday data shows India's merchandise trade deficit fall sharply to \$20.58 billion in November from last month's record levels as merchandise exports register \$33.90 bln and imports were \$54.48 bln in Nov

The dollar index rebound on Friday after one of FED president push back against expectations of rate cut despite index register worst weekly fall in a month. Dollar index last up 0.39% at 102.35 and recover from 101.76 on Thursday. Euro fell 0.64% to \$1.0920. The dollar was last down 0.03% at 141.80 yen , after dropping to 140.95 on Thursday, the lowest since July 31.

Analyst expects aggressive rates cut with first reduction seen in as early as March and total 145 basis point cut seen till end of last next year.

Currency pair (NSE 29 Dec)

| Currencies | 11/12/2023 | 15/12/2023 | Change (%) |
|------------|------------|------------|------------|
| USDINR | 83.45 | 83.03 | -0.50 |
| EURINR | 89.90 | 91.03 | 1.20 |
| GBPINR | 104.66 | 105.98 | 1.30 |
| JPYINR | 57.70 | 58.73 | 2.0 |

USDINR

RECOMMENDATION: SELL BELOW 82.95 SL 83.25 TARGET 82.30

EURINR

RECOMMENDATION: SELL BELOW 90.90 SL 91.20 TARGET 90.30

GBPINR

RECOMMENDATION: BUY ABOVE 106.20 SL 105.80 TARGET 107.0

JPYINR

RECOMMENDATION: BUY ABOVE 59. SL 58.70 TARGET 59.50

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