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KEY HEADLINE

The Indian rupee against US dollar closed sharply higher on Friday mirror to gain in Asian peers added by report of dollar sales by large foreign banks. Despite this rupee mark biggest weekly loss over 2-month mainly due to recovery in dollar index.

At the NSE Future Dec 29 contract, the rupee ended strong by 10 paise to closed at 83.17 against the previous close of 83.27 and made low of 83.14 and high of 83.28 during the day. For the week, however, the currency declined 0.16%, its worst week since Oct. 6, despite the dollar index appearing to be on course for a weekly loss, pressured by rising expectations of interest rate cuts in the United States.

India's foreign exchange reserves rose for the 5th straight week, reaching an over 20-month high of \$615.97 billion as of Dec. 15, data from the Reserve Bank of India (RBI) showed on Friday.

Indian debt and equity markets have seen net inflows of \$9.2 billion so far in December, after receiving \$2.9 billion in November.

INR likely to trade weak in range of 83.0 -83.40 belt for next week.

The dollar fell against a basket of currencies on Friday, hitting a near five-month low as data showed annual U.S. inflation slowed further below 3% in November, cementing market expectations for a U.S. interest rate cut next March. The dollar was last down 0.13% at 101.65 , its lowest since late July.

In the 12 months through November, inflation, as measured by the personal consumption expenditures (PCE) price index, stood at 2.6%, easing from 2.9% in October.

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

Currency pair (NSE 29 Dec)

Currencies	18/12/2023	22/12/2023	Change (%)
USDINR	83.02	83.17	0.20
EURINR	90.70	91.65	1.00
GBPINR	105.40	105.89	0.50
JPYINR	58.55	58.61	0.10

USDINR

RECOMMENDATION: SELL BELOW 83.15 SL 83.30 TARGET 82.80

EURINR

RECOMMENDATION: BUY ABOVE 91.70 AND 91.75 SL 91.30 TARGET 92.40

GBPINR

RECOMMENDATION: BUY ABOVE 105.95 SL 105.45 TARGET 107.0

JPYINR

RECOMMENDATION: BUY ABOVE 58.65 SL 58.40 TARGET 59.20

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