

## KEY HEADLINES:

The Indian rupee closed nearly flat on Wednesday after struggling for direction throughout the session, while investors looked ahead to key U.S. inflation numbers, due later in the day.

The rupee at NSE Future 29 May ended gain by 3 paise at 82.09 against previous close of 82.12 and after make low of 82.02 and high of 82.16. Asian currencies were slightly weak, while the dollar index seesawed.

Foreign institutional investors bought shares worth 116.31 bln rupees (\$1.42 bln) in April on a net basis.

The dollar fell against other major currencies on Wednesday on news that U.S. inflation slowed more than expected, increasing the likelihood that the Federal Reserve could pause its interest rate hikes. Against a basket of currencies, the dollar index fell 0.2% to 101.38 after hitting a low of 101.21. Following the data, the euro rose 0.24% to \$1.0987 while sterling was up 0.14% to \$1.2640.

U.S. Labor Department data showed April inflation cooled to 4.9%, the smallest year-over-year increase in two years. However, so-called core inflation remained sticky at 5.5%, suggesting interest rates may need to stay high for some time to tame it.

Money markets are pricing in a roughly 80% chance that the Fed will pause rates at its next meeting in June, and expect at least a couple of rate cuts to follow before the end of the year.

The key for the rupee and other emerging market currencies this year will be contingent on how the U.S. inflation and growth data shape up and how they affect the U.S. Federal Reserve rate expectations.

## Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
	CNY	0.3%	0.7%	HIGH

CPI y/y				
PPI y/y	CNY	-3.3%	-2.5%	HIGH
Official Bank Rate	GBP	4.50%	4.25%	HIGH
PPI m/m	USD	0.3%	-0.5%	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.09	81.70	81.0	82.45	83.0	BULLISH
EURINR FUTURE	89.96	89.85	89.25	90.80	91.70	BEARISH
GBPINR FUTURE	103.45	102.90	102.0	103.75	104.80	BULLISH
JPYINR FUTURE	60.89	60.70	59.70	61.25	61.90	SIDEWAYS

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