

## **KEY HEADLINES:**

The Indian rupee against the US dollar ended almost flat on Monday thanks to RBI likely to sell dollar to support rupee while other side subdued dollar index makes Asian peers also muted volatility.

The rupee at NSE Future 29 Dec. ended Flat by 1 paise at 83.41 against previous close of 83.42 and after make low of 83.41 and high of 83.45. rupee forward premium seen decline in today's session with 1-Year implied yield falling to 1.60% after rally seen in US treasury yield.

Indian rupee likely to trade in narrow range between 83.30 to 83.50 for some time now.

The dollar index fell 3% in November, its biggest monthly fall in a year, amid a slump in U.S. yields, the rupee stayed on the sidelines and ended the month slightly weaker even as Asian currencies rallied. Last month, the euro rallied 3% against the dollar and hit its highest since August at more than \$1.10 as data showed U.S. inflation was cooling rapidly.

The Yen against the dollar weekend on consecutive 2<sup>nd</sup> day on Monday and pared all gains seen last week on expectations of less dovish monetary policy and awaits of major central banks meeting schedule this week. The dollar rose as high as 146.50 yen and was last at 146.21 yen, up 0.88% on the day. The yen has given up almost all of its rally on Thursday, when it reached 141.6 yen against the dollar.

The dollar index, which measures the currency against 6-other majors, rose 0.14% at 104.09 almost near a 2-week high hit last week. The euro down 0.03% at around \$1.0757. in Asian peers, China's Yuan fell to a 3-week low after data showed deflation in the country worsened in November.

The key data point for investors this week is the U.S. Inflation on Tuesday and FOMC rate decision on Wednesday.

The Fed is widely expected to maintain rates at the current level when it meets this week. Futures markets are pricing in a 60% chance of a Fed rate cut by March, up from 50% a week ago, according to the CME's FedWatch tool.

The ECB will set interest rates on Thursday and is all but certain to leave them at the current record high of 4%. The Fed and Bank of England are also likely to hold rates

steady on Wednesday and Thursday respectively.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
CPI y/y	USD	3.1%	3.2%	HIGH


**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.41	83.20	83.0	83.50	84.20	SIDEWAYS
EURINR FUTURE	89.93	89.75	89.35	90.60	91.10	BEARISH
GBPINR FUTURE	104.87	104.55	104.0	106.0	106.70	BULLISH
JPYINR FUTURE	57.26	57.0	56.15	58.0	58.60	SIDEWAYS

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