

## KEY HEADLINES:

The Indian rupee posted its best performance against the dollar in over a month on Wednesday and forward premiums rose, after the U.S. inflation data supported the outlook that the Federal Reserve could take a less hawkish tone.

The rupee last traded at 82.46 per U.S. dollar, up from 82.8050 in the previous session. The local currency rose to near 82.40 during the session - its best since Nov. 11 - possibly helped by dollar inflows.

India's annual WPI eased to its lowest in 21 months, as the WPI for November was 5.85% year-on-year, lower than a Reuters analysts' average forecast of 6.50% and 8.39% recorded in the previous month.

The Federal Reserve raised interest rates by half a percentage point on Wednesday and projected at least an additional 75 basis points of increases in borrowing costs by the end of 2023 as well as a rise in unemployment and a near stalling of economic growth. The U.S. central bank's projection of the target federal funds rate rising to 5.1% in 2023, the Fed's policy rate, which began the year at the near-zero level, is now in a target range of 4.25% to 4.50%, the highest since late 2007. Gross domestic product is seen growing by just 0.5% next year, the same as estimated for 2022, before rising to 1.6% in 2024 and 1.8% in 2025, a level considered to be the economy's long-run potential.

The dollar hovered near its lowest levels since June against the euro and pound on Wednesday, as traders awaited the Federal Reserve's interest rate decision, a day after tamer U.S. consumer inflation data that seemed to allow scope to slow its tightening pace.

Traders will then turn their focus to Thursday's meetings of the Bank of England and the European Central Bank, where consensus is also for a 50 bp rate hike. The Swiss National Bank also meets Thursday.

## Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Official Bank Rate	GBP	3.50%	3.0%	HIGH

Main Refinancing Rate	EUR	2.50%	2.0%	HIGH
Core Retail Sales m/m	USD	0.2%	1.3%	HIGH
Empire State Manufacturing Index	USD	-1.1	4.5	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.55	82.40	81.90	83	83.80	BULLISH
EURINR FUTURE	87.99	87.40	86.80	88.10	89	BULLISH
GBPINR FUTURE	102.21	101.35	100.60	102.40	103.50	BULLISH
JPYINR FUTURE	61.30	60.40	59.30	61.40	62.20	BULLISH

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Disclosure:

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