

## **KEY HEADLINES:**

Indian rupee hit a 1-month high against the U.S. currency on Wednesday led by likely corporate dollar inflows and fall in dollar index which hit fresh 4-week low ahead of FED policy decision.

The rupee at NSE Future 30 June ended strong by 28 paise at 82.12 against previous close of 82.40 and after make low of 82.10 and high of 82.36.

India's annual wholesale prices fell for the 2<sup>nd</sup> consecutive month in May on easing input costs brought about by lower commodity prices, government data showed on Wednesday. The WPI fell 3.48%, compared with a 2.35% fall estimated by economists in a Reuters poll. It fell 0.92% in April.

The Federal Reserve kept interest rates unchanged on Wednesday but signaled in new economic projections that borrowing costs will likely rise by another half of a percentage point by the end of this year as the U.S. central bank reacted to a stronger-than-expected economy and a slower decline in inflation. Policymakers, however, anticipate 100 basis points of rate cuts in 2024, alongside fast-falling inflation.

The European Central Bank is expected to raise rates by 25 basis points (bps) when it meets next Thursday, to be followed by another 25-bps increase in July, taking rates to 3.75%. Traders added to bets, now at nearly 70% the Fed will raise rates again next month after skipping a hike in June.

The U.S. dollar slid on Wednesday, but edged higher from four-week lows, after the Federal Reserve held interest rates steady but signaled that borrowing costs will increase by another 50 basis points by end-December. The dollar index was last down 0.2% at 103.12 , after hitting four-week lows earlier in the session.

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
GDP q/q	NZD	-0.1%	-0.6%	HIGH
Industrial Production y/y	CNY	3.5%	5.6%	HIGH
Main Refinancing Rate	EUR	4.0%	3.75%	HIGH
Retail Sales m/m	USD	-0.2%	0.4%	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.12	81.80	81.0	82.40	83.0	BEARISH
EURINR FUTURE	88.81	88.20	87.0	89.15	90.0	BEARISH
GBPINR FUTURE	103.74	103.20	102.0	103.85	104.70	BULLISH
JPYINR FUTURE	59.0	58.90	58.20	59.80	60.15	BEARISH

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