

## **KEY HEADLINES:**

The Indian rupee hit a more-than-six-week low against the U.S. dollar on Wednesday, in line with the decline in other Asian currencies that tracked the fall in the Chinese yuan after weak economic data.

The rupee at NSE Future 29 May ended weak by 14 paise at 82.38 against previous close of 82.24 and after make low of 82.30 and high of 82.48, its lowest since April 3, during the session. The Chinese yuan fell to 7.02 against the dollar, its lowest since December, amid geopolitical tensions and as data on industrial output, retail sales and property investment showed China's post-Covid recovery losing steam.

India's monsoon rains, the lifeblood of the country's economy, are likely to be delayed in 2023 and are forecast to hit the Kerala coast in the southwest on June 4, the state-run weather office said on Tuesday. Rains usually lash Kerala state around June 1 and cover the whole country by mid-July. Timely rains trigger planting of crops such as rice, soybeans and cotton.

The dollar rose to a 7-week high on Wednesday, boosted by safe-haven bets amid the risk of a U.S. debt default, with traders paring back bets on a Federal Reserve interest rate cut any time soon following solid U.S. consumer spending and housing data. The U.S. dollar index, a measure of the greenback's value against six major currencies, climbed as high as 103.12 , its strongest level since late March. It was last up 0.3% at 102.91. The euro, meanwhile, dropped to a six-week low versus the dollar at \$1.0811 . It last changed hands at \$1.0830, down 0.3%.

President Joe Biden will continue talks with congressional leaders on the United States' debt limit later this week, the White House said on Wednesday, as U.S. House of Representatives Speaker Kevin McCarthy vowed to avoid a default.

The rate futures market has increased the odds of a 25 basis-point rate hike next month to about 22% on Tuesday. It was at around 16% late on Monday.

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
Unemployment Claims	USD	253K	264K	HIGH
Philly Fed Manufacturing Index	USD	-19.5	-31.3	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.38	82.10	81.70	82.50	83.0	BULLISH
EURINR FUTURE	89.36	88.90	88.25	90.0	90.80	BEARISH
GBPINR FUTURE	102.69	102.10	101.60	103.70	104.80	SIDEWAYS
JPYINR FUTURE	60.34	60.0	59.50	61.40	62.40	BEARISH

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