

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end sharply higher towards 1-month high on Tuesday due to fall in dollar index in expectations that FED will delivery higher rate cut than expected earlier and record high equity market which attract funds support rupee against some pressure seen from dollar demand from importers.

The rupee at NSE Future 26 Sep. ended higher by 11 paise at 83.81 against previous close of 83.92 and after make low of 83.73 and high of 83.92. Reduction in long-positions on the dollar-rupee pair ahead of the Fed outcome on Wednesday also aided the local currency. Asian peers have risen between 0.2% to 9.5%.

The Federal Reserve cut interest rates by half of a percentage point on Wednesday, kicking off what is expected to be a steady easing of monetary policy with a larger-than-usual reduction in borrowing costs that followed growing unease about the health of the job market. Fed's policy rate lowered to 4.75%-5.00% range. Policymakers see the Fed's benchmark rate falling by another half of a percentage point by the end of this year, another full percentage point in 2025, and by a final half of a percentage point in 2026 to end in a 2.75%-3.00% range. The endpoint reflects a slight upgrade, from 2.8% to 2.9%, in the longer-run federal funds rate, considered a "neutral" stance that neither encourages nor discourages economic activity.

India's merchandise trade deficit in August widened to a ten-month high of \$29.65 billion after gold imports surged while exports fell, dragged down by climbing shipping costs and sluggish global demand. Outbound shipments from the world's fifth-largest economy fell 9.3% year-on-year, for the second month in a row, to \$34.71 billion last month, data showed, while imports increased by 3.3% to \$64.36 billion. Monthly gold imports in August surged more than three times to \$10.06 billion compared to the previous month, partly due to an increase in domestic demand, a senior commerce ministry official said. In value terms, August gold imports were the highest since March 2021, when they had touched \$8.5 billion, according to Reuters calculations.

The Bank of England and the Bank of Japan will also deliver policy decisions later this week. BOJ is expected to keep its short-term policy rate target steady at 0.25%, having raised rates twice already this year. The Bank of England is expected to hold its key interest rate at 5% on Thursday, after kicking off its easing with a 25-bp reduction in August. Futures markets were pricing in around a 35.9% chance of a quarter-point rate

cut on Thursday, versus a 20% chance on Friday.

The dollar dropped after the Federal Reserve on Wednesday cut interest rates by half a percentage point, citing greater confidence that inflation will continue to recede to the U.S. central bank's 2% annual target.

The dollar index was last down 0.46% on the day at 100.45, the lowest since July 2023. The euro gained 0.46% to \$1.1164. The greenback weakened 0.86% to 141.17 Japanese yen.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact

Official Bank Rate	GBP	5.00%	5.00%	HIGH
Existing Home Sales	USD	3.90M	3.95M	HIGH

**Support Resistance Levels – Currency Future: ( NSE CUR - 26 Sep 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.81	83.70	83.0	84.15	84.60	BEARISH
EURINR FUTURE	93.28	92.50	91.75	93.55	94.0	BULLISH
GBPINR FUTURE	110.63	110.0	109.50	111.30	112.0	BULLISH
JPYINR FUTURE	59.55	59.35	58.60	60.20	61.0	BULLISH

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