

KEY HEADLINES:

The **rupee** appreciated by 15 paise to close at 82.64 (provisional) against the US dollar on Tuesday, ahead of the release of key domestic macroeconomic GDP data. Also, the central bank's intervention, lower commodity prices and recovery in Asian peers after yesterday fall supported the local unit.

The rupee at NSE Future fall by 7 paise to end at 83.03 against previous close of 82.96 and after make low of 83.0 and high of 83.17 during the day. In the spot market the currency weakened up to 82.9475, its lowest level since Oct. 20, 2022 when the rupee hit a record low. For comparison, the Philippine peso shed 1.2% and the Malaysian ringgit declined 1% as the dollar index held a seven-week peak.

The historical seasonality of March month favours rupee bulls as it has gained in 7 out of the last 10 years, the average gains pegged at 0.54%.

India Asia's third largest economy, its growth slowed further in the December quarter as pent up demand eased and weakness in the manufacturing sector continued. It recorded year-on-year growth of 4.4% in October-December, down from 6.3% in July-September, data released by the government on Tuesday showed.

Indian importers are taking less insurance against foreign exchange fluctuations, data indicates, on expectations that the central bank will continue to intervene to keep the rupee above the key psychological level of 83 per U.S. dollar. Importers bought about \$1.24 billion daily, on average, in the forward markets this month, down from \$1.50 billion in January and from \$1.54 billion in the October-December quarter.

The dollar was flat to slightly lower against major currencies on Tuesday in choppy trading, after a round of mainly weak economic data, but still on track for its first monthly gain since September, as investors wagered that interest rates will remain elevated for some time. The greenback's overall rally this month gathered momentum in recent weeks as upbeat economic data led to mounting expectations that the Federal Reserve will have to raise interest rates more than initially expected. The dollar index , which measures the currency against a basket of peers, was flat at 104.63, but was still set for a February gain of 2.4%

Investors will get more information on the state of the global economy this week, with U.S. ISM manufacturing and services survey data for February due on Wednesday and Friday respectively; and preliminary euro zone CPI inflation figures for February due on

Thursday.

Traders of futures tied to the Fed's policy rate largely stuck to the view that the central bank will keep raising rates by a quarter of a percentage point at its next three policy meetings. They are still pricing the federal funds rate to reach 5.36% in July, and remain above 5% for the year.

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
	GBP	47.5	47.0	HIGH
Manufacturing PMI	CNY	50.7	50.1	HIGH
ISM Manufacturing PMI	USD	47.9	47.4	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.81	82.60	81.80	83.45	84	BULLISH
EURINR FUTURE	88.0	87.70	87	88.45	89	BEARISH
GBPINR FUTURE	100.13	99.55	99	100.20	100.70	SIDEWAYS
JPYINR FUTURE	60.90	60.70	60	61.35	62.30	BEARISH

Technical Research Analyst

Mahesh Prakot

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:

<https://www.bonanzaonline.com>

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