

KEY HEADLINES:

The **rupee** extended its losses and slumped 10 paise to close at a record low of 77.72 (provisional) against the US dollar on Thursday, weighed down by a negative trend in domestic equities and unabated foreign fund outflows.

At the interbank foreign exchange market, the rupee opened lower at 77.72 against the greenback, and finally settled for the day at 77.72, down 10 paise over its previous close.

The dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.28 per cent lower at 103.51.

According to sources, the Reserve Bank is likely to raise inflation projections in the Monetary Policy Committee (MPC) meeting next month and would also consider a rate hike to tame inflation, which is above its comfort level. The MPC, headed by the RBI Governor, is scheduled to meet between June 6 and June 8. It has been mandated to keep retail inflation in the range of 2-6 per cent.

Besides the Reserve Bank of India (RBI), several central banks including the US Federal Reserve and Bank of England have hiked their benchmark lending rates to rein in inflation, which has been exacerbated by the Russia-Ukraine conflict.

Higher US interest rates dim the appeal of assets in riskier emerging markets such as India. Foreign institutional investors have offloaded domestic equities at a ferocious pace over the last few months, with their net sales at a whopping Rs 1.3 lakh crore so far in 2022. A weakening rupee eats into FIIs returns from Indian assets.

Foreign institutional investors were net sellers in the capital market on Wednesday, as they offloaded shares worth Rs 1,254.64 crore, as per stock exchange data.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Retail Sales m/m	GBP	-0.3%	-1.4%	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	77.70	77.30	76.65	77.90	78.50	BULLISH
EURINR FUTURE	81.79	81.10	80.55	82.10	82.60	BULLISH
GBPINR FUTURE	96.46	95.85	95	97	98	BULLISH
JPYINR FUTURE	60.85	60.30	59.70	61	61.60	BULLISH

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SEBI Regn. No.: INZ000212137

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