

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end higher on Tuesday thanks to dollar index which tumble to 7-month low added by fall in US bond yield and rally in Asian peers as well in domestic equity market which might increase inflows supports rupee in last few session despite ongoing geopolitical risk and technical resistance. Despite the uptick in last 2-days, the rupee's recent gains have largely been shallow due to outflows from local equities and strong dollar demand from local corporate. Overseas investors have net sold \$2.5 billion of Indian stocks over August so far.

The rupee benefited from "both fundamentals and flows" in last 2-session as the dollar index fell to its lowest level since January and crude oil prices also declined, the trader added.

The rupee at NSE Future 28 Aug. ended strong by 10 paise at 83.79 against previous close of 83.89 and after make low of 83.78 and high of 83.89. Asian peers were mostly higher, with the Indonesian rupiah up 0.7% and leading gains.

Despite the recent pressure on the rupee, the RBI's routine interventions have kept volatility expectations in check. The rupee's 1-month implied volatility is at 1.55 - 1.75%, hovering close to its lowest in nearly two decades.

The dollar fell to its lowest level since January on Tuesday as investors awaited revisions to U.S. payrolls data on Wednesday and Federal Reserve Chair Jerome Powell's speech to the Jackson Hole economic conference in Wyoming later in the week.

Traders are speculating the revisions to the U.S. government's jobs data could show that between 600,000 and 1 million fewer jobs were created from April 2023 to March 2024. A downward revision of 1 million jobs would reduce employment creation to 1.6 million jobs for the year, from 2.6 million.

The dollar index was last down 0.22% at 101.65, having reached 101.62, its lowest level since Jan. 2. The euro rose 0.14% to \$1.1101 and climbed as high as \$1.1105, its strongest level since Dec. 28. Sterling strengthened 0.27% to \$1.3023 and reached \$1.3030, the highest level since July 17. The dollar weakened 0.33% to 146.09 Japanese yen after reaching 145.20 on Monday, the lowest level since Aug. 7. Sweden's crown was last up 0.72% versus the dollar at 10.253 and reached 10.249, the strongest level since March 14.

Investor focus will now be on comments by Fed Chair Jerome Powell at the central bank's Jackson Hole Economic Policy Symposium on Aug. 22-24. Also pay attention the minutes of the Fed's most recent meeting due on Wednesday.

Fed fund futures reflected traders pricing a near 25% chance of a 50 basis point cut at the central bank's September meeting from 50% week ago, with a 25-basis-point reduction having odds of 75%, according to CME FedWatch. Investors are currently pricing in 95 basis points of rate cuts by the Federal Reserve over 2024 and around 210 basis points of rate reductions are expected by the end of 2025. Odds of a larger cut have declined since data last week showed hotter-than-expected shelter inflation for July and also a strong retail sales report for the month.

In cryptocurrencies, bitcoin gained 3.08% to \$60,916.00.

### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
FOMC Meeting Minutes	USD			HIGH


**Support Resistance Levels – Currency Future: ( NSE CUR - 28 Aug 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.79	83.60	83.0	84.10	84.50	BEARISH
EURINR FUTURE	92.79	91.90	91.40	93.0	93.70	BULLISH
GBPINR FUTURE	108.86	107.90	107.10	108.90	109.70	BULLISH
JPYINR FUTURE	57.07	56.80	56.30	57.70	58.20	BULLISH

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