

KEY HEADLINES:

The Indian rupee against the US dollar end at record low on Thursday by likely outflow of dollar after demand from OMC as well foreign banks, while firm dollar index as well rally in crude prices also pressure domestic currency against likely central bank intervention support rupee at lower level.

The rupee at NSE Future 26 June. ended fall by 17 paise at 83.63 against previous close of 83.46 and after make low of 83.45 and high of 83.68. weakness in China Yuan as well Asian peers also hurt rupee during the day. The offshore Chinese yuan was down 0.1% at 7.28, its weakest level since November 2023.

While foreigners have sold a net of \$2.6 billion of local equities so far in 2024, inflows into the debt markets have been strong at \$7.5 billion ahead of India's inclusion in the JPMorgan Emerging Market bond index at the end of June.

The Reserve Bank of India (RBI) sold \$3.65 billion on a net basis in the spot foreign exchange market in April, data released on Wednesday as part of the central bank's monthly bulletin showed. The RBI said it purchased nearly \$8 billion and sold \$11.6 billion. In March, the central bank had bought a net of \$13.2 billion in the spot market.

Foreign investors have bought more than \$10 billion of Indian government bonds that will be included in a widely-followed JPMorgan debt index on June 28, taking their ownership of such papers to a record high. In the nine months since JPMorgan said India's sovereign debt will be included in its emerging market debt index, foreign investors have bought 841 billion rupees (\$10.08 billion) of eligible bonds on a net basis. More chunky inflows are expected at the end of this month. Overseas buyers now own 1.79 trillion rupees of Indian bonds included in the so-called fully accessible route, which allows unfettered foreign purchases. A majority of these notes will be a part of the JPM index.

The dollar edged higher on Thursday, hoisted by wider interest-rate differentials as other major economies start cutting rates ahead of the U.S. and parts of Europe face political turmoil. The dollar's climb was spurred by a drop in the pound after the Bank of England held off cutting, and the Swiss franc also fell after the Swiss National Bank lowered interest rates to 1.25%, following a cut in March.

The dollar index, which tracks the currency against six peers, was last up 0.2% at 105.45 after a volatile 10 days marked by mixed signals from the U.S. economy, while

French political uncertainty has rocked European markets. Sterling was down 0.3% to \$1.2678 in late U.S. morning trading. The euro was last seen down 0.17% against the dollar to \$1.0726 but still above the six-week low of \$1.0667 hit on Friday.

Bloomberg Index Services said it will include 34 Indian government bonds that are open for investment under the country's fully accessible route in its emerging market local currency indexes from January 2025. The announcement follows JP Morgan's decision to add Indian government bonds in its Government Bond Index-Emerging Markets from June 2024.

Despite the hawkish shift in policymaker's expectations by FED, the odds of a September rate cut rose to about 65%, up from 57% a week earlier, according to CME's FedWatch tool.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

Retail Sales m/m	GBP	1.6%	-2.3%	HIGH
Flash Manufacturing PMI	EUR	48.0	47.3	HIGH
Flash Manufacturing PMI	USD	51.0	51.3	HIGH
Existing Home Sales	USD	4.08M	4.14M	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.63	83.30	82.90	83.75	84.10	BULLISH
EURINR FUTURE	89.65	89.35	88.80	89.90	90.60	BEARISH
GBPINR FUTURE	106.13	105.60	105.0	106.70	107.50	BEARISH
JPYINR FUTURE	52.96	52.90	52.40	53.50	53.95	BEARISH

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