

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end slight lower on Thursday amid a pause in Asian peers which also fell after stable dollar index, ignoring overnight FED meeting minutes shows rate cut likely in next meeting and also downward revision in US Payroll data. However, gain in domestic equity market support local currency in expectations of increase in funds flows.

The rupee at NSE Future 28 Aug. ended down by 1 paise at 83.95 against previous close of 83.94 and after make low of 83.93 and high of 83.98. Asian currencies were mostly weaker on the day.

Overseas investors have taken out more than \$2 billion from Indian equities this month so far, per NSDL data. This is a change from the nearly \$4 billion of inflows in July.

India's business activity extended its robust growth streak in August as a stronger services industry offset a slight slowing in manufacturing expansion, according to a survey that indicated price pressures also were easing. HSBC's flash India Composite PMI, compiled by S&P Global, dipped slightly to 60.5 in July from last month's final reading of 60.7, in line with a Reuters poll forecast.

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 rebounded from a 13-month low against the euro on Thursday before Federal Reserve Chair Jerome Powell is due to speak on Friday and as the greenback's recent weakness was seen as being overdone.

The U.S. currency has fallen on concerns about a weakening economy and on expectations the Federal Reserve is close to cutting interest rates. But the extent of the weakness, and whether it will lead the U.S. central bank to cut rates by 25 or 50 basis points at its September meeting, remains in question.

Data on Thursday showed that euro zone business activity showed surprising strength in August despite firms raising prices, while euro zone negotiated wage growth slowed last quarter.

The dollar index was last up 0.38% at 101.50. It reached 100.92 on Wednesday, the

lowest since Dec. 28. The euro fell 0.36% to \$1.111. It hit \$1.11735 on Wednesday, the highest since July 2023. The dollar strengthened 0.65% to 146.2 Japanese yen.

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.

Fed fund futures reflected traders pricing a near 25% chance of a 50 basis point cut at the central bank's September meeting down 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.

In cryptocurrencies, bitcoin fell 1.43% to \$60,370.

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

Indicator	Currency	Forecast	Previous	Impact
Retail Sales m/m	USD	-0.2%	-1.3%	HIGH

Fed Chair Powell Speaks				
Flash Manufacturing PMI	USD	49.5	49.6	HIGH
Jackson Hole Symposium	USD			HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.95	83.60	83.0	84.10	84.50	BEARISH
EURINR FUTURE	93.51	92.70	91.90	93.75	94.50	BULLISH
GBPINR FUTURE	110.17	109.50	108.60	110.40	111.0	BULLISH
JPYINR FUTURE	57.39	56.80	56.30	57.85	58.50	BULLISH

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