

KEY HEADLINES:

The Indian rupee barely budged against the dollar on Wednesday as it fall by 9 paise against the greenback, as U.S. yields jumped overnight on bets of multiple Federal Reserve rate hikes and weighed on sentiment.

The rupee at NSE Future fall by 9 paise to end at 83.12 against previous close of 83.03 and after make low of 82.99 and high of 83.91 during the day. Most Asian currencies declined, with the Chinese yuan at one point falling past 6.90 per dollar level, after U.S. data showed business activity sped to an eight-month high in February. U.S. 2-year Treasury yield rose to an over three-month peak overnight, while the 10-year yield hovered close to 4% after jumping 12 basis points.

Price pressures in India remain high and it would be premature to lower the guard on inflation, majority of the members of the Reserve Bank of India's (RBI) monetary policy committee (MPC) wrote, according to minutes published on Wednesday. Earlier in February, the MPC hiked the key repo rate by a quarter percentage point, as expected, but surprised markets by leaving the door open to more tightening, saying core inflation remained high.

Fed officials' hawkish comments, coupled with recent inflation, retail sales and jobs data in the United States, have strengthened the case for the U.S. central bank hiking rates multiple times this year. Fed funds future indicates a near-80% chance of two 25 basis point hikes at the next meetings, with a 53% probability of another similar-sized hike in June, according to the CME FedWatch tool.

The dollar gained modestly on Wednesday against its peers as recent strong economic data eased recession fears but reinforced concerns that the Federal Reserve's inflation-fighting interest rate hikes may stick around for longer. The dollar index up 0.1% at 104.19, but off the high of 104.34 reached earlier in the day.

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
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	GBP	47.5	47.0	HIGH
Prelim GDP q/q	USD	2.9%	2.9%	HIGH
G20 Meetings				HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.12	82.60	81.80	83.45	84	BULLISH
EURINR FUTURE	88.48	88.35	87.40	88.90	89.50	BEARISH
GBPINR FUTURE	100.45	99.55	99	101.30	102.30	BULLISH
JPYINR FUTURE	61.95	61.80	61	62.70	63.40	BEARISH

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