

## **KEY HEADLINES:**

The Indian rupee continue its falling trend on consecutive 4<sup>th</sup> day at 2-month low against the U.S. dollar on monday after the central bank said it will withdraw the highest value currency note from circulation and firm dollar index.

The rupee at NSE Future 29 May ended weak by 12 paise at 82.86 against previous close of 82.74 and after make low of 82.73 and high of 82.88, its lowest since march 23, during the session. In contrast to the rupee, other Asian currencies were mostly higher after U.S. Federal Reserve Chair Jerome Powell struck a moderately dovish stance, contrary to market expectations.

On Friday, the Reserve Bank of India said it will withdraw its highest denomination 2,000-rupee note from circulation. The impact on the rupee from RBI's step will be felt through the drop in forwards.

The Reserve Bank of India (RBI) bought \$750 million on a net basis in the spot foreign exchange market in March, data released on Monday as part of the central bank's monthly bulletin showed. The RBI said it purchased \$6.91 billion and sold \$6.16 billion. In February, the central bank had bought \$254 million on a net basis in the spot market.

India's economy has sustained the growth momentum seen in the last fiscal quarter of 2022/23, while latest inflation outcome has been better than forecast, the Reserve Bank of India said in its "State of the Economy" report, published as part of its monthly bulletin.

The dollar rose against the Japanese yen on Monday, holding just below a six-month high, as investors waited on fresh data to signal whether the U.S. Federal Reserve is likely to continue hiking interest rates, while watching for news of a congressional deal to raise the U.S. debt ceiling. The dollar index , which measures the greenback against six other major currencies, was up 0.15% at 103.17, hovering below last week's high of 103.63, a level last seen on March 20. The greenback has gained for the past two weeks as stronger than expected economic reports and hawkish Fed officials keep the prospect of further interest rate increases alive.

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
French Flash Manufacturing PMI	EUR	46.1	45.6	HIGH
Flash Manufacturing PMI	GBP	47.9	47.8	HIGH
Flash Manufacturing PMI	USD	50.0	50.2	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.86	82.35	81.90	82.90	83.25	BULLISH
EURINR FUTURE	89.68	89.10	88.25	90.0	90.80	BULLISH
GBPINR FUTURE	103.18	102.40	101.60	103.70	104.80	BULLISH
JPYINR FUTURE	60.13	59.70	59.0	60.60	61.40	BEARISH

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