

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end consecutive 2<sup>nd</sup> day at its weakest closing level in record on Tuesday pressured by weakness in Asian peers and likely foreign funds outflow after sell off in domestic equities added by rally in US bond yield and positive Crude oil. However likely central bank intervention to prevent rupee from sharp fall support at lower level.

The rupee at NSE Future 29 Oct. ended Flat by 0 paise at 84.09 against previous close of 84.09 and after make low of 84.06 and high of 84.09. Asian currencies fell between 0.1% and 0.4%. The 10-year U.S. Treasury yield rose to a near-three-month-high on Tuesday and was at 4.20%, while the dollar index has risen more than 3% this month.

Outflows from local equities have kept the currency on the backfoot as Foreign investors have pulled out about \$10 billion from local stocks this month on a net basis, surpassing the previous peak of \$8.35 billion in March 2020.

Despite these pressures, the rupee has outperformed its regional peers this month as the central bank's routine interventions have helped the currency stave off sharp declines.

The dollar index has risen nearly 3% in October, boosted by expectations of shallower rate cuts by the Federal Reserve alongside rising odds of a victory for Donald Trump in the upcoming U.S. presidential election. Also, The greenback has risen for three straight weeks and on track for its 15th gain in 17 sessions as a run of positive economic data led investors to scale back expectations about the size and speed of rate cuts from the Fed.

The Reserve Bank of India (RBI) sold \$6.49 billion, on a net basis, in the spot foreign exchange market in August, according to data released on Monday as part of the central bank's monthly bulletin. In July, it had bought a net of \$6.93 billion in the spot market. The RBI said it purchased \$16.14 billion and sold \$22.64 billion in the spot forex market in August. The central bank intervenes in the spot and forwards market to curb exchange rate volatility. The RBI's net outstanding forward dollar sales stood at \$18.98 billion as of end-August, compared with a net sales of \$9.1 billion at the end of the previous month, the data showed.

The U.S. dollar rose to a fresh 2-1/2 month high on Tuesday, continuing its recent rise on expectations the Federal Reserve will temper its rate cut path, while investors positioned ahead of a tight U.S. presidential election.

The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, rose 0.04% to 104.00, after hitting 104.08, its highest since Aug. 2. The index is up nearly 3.3% on the month, on pace for its strongest month since April 2022. Sterling weakened 0.06% to \$1.2976. The euro edged down 0.04% at \$1.0811. Against the Japanese yen , the dollar strengthened 0.09% to 150.96 after climbing to 151.10, its highest since July 31.

The market is pricing in 91% chance for a cut of 25 basis points at the Fed's Nov. 6-7 meeting, with a 24% chance for another outsized half-percentage-point cut, down from 49% week ago, and Just 45 bsp of easing price in by year end down from 70 bps earlier, according to the CME Group’s FedWatch Tool.

In cryptocurrencies, bitcoin fell 0.23% to \$67,572.00.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Overnight Rate	CAD	3.75%	4.25%	HIGH
ECB President Lagarde Speaks	EUR			HIGH

### Support Resistance Levels – Currency Future: ( NSE CUR - 29 Oct 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.09	83.80	83.40	84.20	84.70	BULLISH
EURINR FUTURE	91.09	91.0	90.30	91.50	92.20	BEARISH
GBPINR FUTURE	109.13	108.80	108.0	110.0	110.85	BEARISH
JPYINR FUTURE	55.76	55.70	55.0	56.40	57.10	BEARISH

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