

## **KEY HEADLINES:**

The Indian rupee against the US dollar end at record closing low on Tuesday as Govt proposes in budget to rising tax rates for capital gains from equity investment and also on equity derivatives trades hurt sentiment despite Govt aim to lower fiscal deficit and announce lots measure to boost economy.

The rupee at NSE Future 29 July. ended down by 4 paise at 83.72 against previous close of 83.68 and after make low of 83.62 and high of 83.73. The spot rupee at its weakest ever closing, after having slipped to a record low of 83.7150 earlier in the session.

India's budget for fiscal year 2024-25 struck a balance between higher spending on jobs and rural development while lowering the fiscal deficit target. The government lowered its fiscal deficit target to 4.9% of gross domestic product, below the 5.1% aim in February's interim budget. It also reduced its gross market borrowing marginally to 14.01 trillion rupees. Both positive for yield to remain under control.

India slashed import duties on gold and silver, which could lift retail demand and help cut smuggling in the world's second-biggest bullion consumer. The government said it will charge 5% basic customs duty and 1% in Agriculture Infrastructure & Development Cess (AIDC) on gold and silver imports, lowering import duties to 6% from 15%.

The yen rose for a second straight session against the dollar on Tuesday, boosted by comments from a senior Japanese politician about normalising monetary policy, adding pressure on the Bank of Japan to continue hiking interest rates to boost the currency. The U.S. dollar overall was higher as traders waited for inflation data later in the week, while the Australian and New Zealand dollars continued to struggle after China's surprise interest rate cuts. The Aussie dollar is viewed as a proxy for China risks.

The U.S. dollar was last down 0.6% against the Japanese yen at 156.08. It earlier fell to a five-week low of 155.375 on Thursday. the dollar index , which tracks the U.S. currency against six peers, rose 0.2% to 104.51, after falling to a four-month low of 103.64 last week. In other currencies, the euro was down 0.4% against the dollar at \$1.0849. Sterling was 0.1% lower at \$1.2912.

Investors also looked to next week's crucial monetary policy meetings at the Federal Reserve, which could signal when the first interest rate cut would be, and the Bank of Japan, which could raise interest rates. The FOMC will meet on July 30, a day before the

Bank of Japan.

Markets are currently pricing in a 94.4% chance of a rate cut of at least 25 basis points (bps) from the Fed in September, according to CME's FedWatch Tool, and a subsequent cut is expected by December.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Flash Manufacturing PMI	EUR	46.0	45.8	HIGH

Flash Manufacturing PMI	USD	51.7	51.6	HIGH
New Home Sales	USD	639K	619K	HIGH

**Support Resistance Levels – Currency Future: ( NSE CUR - 29 July 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.72	83.40	83.0	83.90	84.40	BULLISH
EURINR FUTURE	90.95	90.75	89.95	91.50	92.30	BULLISH
GBPINR FUTURE	108.02	107.90	107.00	108.75	109.50	BULLISH
JPYINR FUTURE	53.24	52.75	52.0	53.65	54.30	BULLISH

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