

KEY HEADLINES:

The Indian rupee spot against the US dollar end consecutive 3rd day at its record low closing level on Wednesday due to rally in dollar index as well US bond yield towards 3-month high and likely foreign funds outflow after sell off in domestic equities pressure rupee. Other side, likely central bank intervention to prevent rupee from sharp fall support domestic currency 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 84.07 and high of 84.09. Asian currencies declined between 0.1% and 0.5% on the day.

The dollar index has risen more than 3% in October so far while the 10-year U.S. Treasury yield touched a 3-month peak of 4.24% on Wednesday.

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.

India cannot risk another bout of inflation and the monetary policy committee (MPC) must adopt a cautious approach to lowering interest rates, members of the rate-setting panel said in the minutes of the October meeting. Five out of the six MPC members had voted in favour of holding policy rates, while newly-appointed external member Nagesh Kumar voted to cut the policy rate by 25 basis points.

The dollar climbed above 153 against the yen for the first time in nearly three months on Wednesday on U.S. economic strength and an expected divergence among major global central banks' pace of interest rate cuts.

The greenback is on track for its 16th gain in 18 sessions and fourth straight week of gains as a run of positive economic data has dampened expectations about the size and speed of rate cuts from the Federal Reserve, which has pushed U.S. Treasury yields higher. The yield on benchmark U.S. 10-year notes rose 3.4 basis points (bps) to 4.24%, after hitting a 3-month high of 4.26%. After declining for five straight months, the yield on the 10-year is up about 40 basis points for October.

The dollar index, rose 0.32% to 104.43, after climbing to 104.57, its highest since July 30. The euro was down 0.18% at \$1.0778 after dropping to \$1.076, its lowest since July 3. Sterling weakened 0.49% to \$1.2919. Against the Japanese yen , the dollar strengthened 0.99% to 152.56, on track for its biggest daily percentage gain since Oct. 4,

Japan is set to hold a general election on Oct. 27. Recent opinion polls indicated that the ruling Liberal Democratic Party could lose its majority with coalition partner Komeito.

The Bank of Canada on Wednesday cut its key benchmark rate by 50 basis points to 3.75%, as was widely expected by the market, its first bigger-than-usual move in more than four years, and hailed signs the country has returned to an era of low inflation.

The market is pricing in 89.9% 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.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Flash Manufacturing PMI	GBP	51.5	51.5	HIGH
Flash Manufacturing PMI	USD	47.3	47.3	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	90.68	90.60	90.0	91.40	92.20	BEARISH
GBPINR FUTURE	109.08	108.80	108.0	110.0	110.85	BEARISH
JPYINR FUTURE	55.19	55.0	54.50	56.0	56.50	BEARISH

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