

KEY HEADLINES:

The Indian rupee against the US dollar end at record low on Wednesday as likely outflow after Govt proposes in budget to rising tax rates for capital gains from equity investment and also on equity derivatives trades hurt sentiment and fall seen in equity market weigh on domestic currency added by gain in dollar index and despite Govt aim to lower fiscal deficit and announce lots measure to boost economy.

The rupee at NSE Future 29 July. ended flat by 0 paise at 83.72 against previous close of 83.72 and after make low of 83.69 and high of 83.74.

Overseas investors sold over \$350 million of Indian stocks, on a net basis, on Tuesday, per exchange data. They had invested nearly \$5 billion this month before the budget was unveiled.

Despite the recent pressure on the rupee, the RBI's routine interventions have kept volatility expectations in check. The rupee's 1-month implied volatility is at 1.75%, hovering close to its lowest in nearly two decades.

India's business activity accelerated at its fastest pace in three months in July thanks to strong demand, especially in the services sector, according to a survey that also showed companies hired at the fastest pace in over 18 years. HSBC's flash India composite PMI, compiled by S&P Global, rose to 61.4 this month from June's final reading of 60.9, marking three years of expansion. The 50-level separates growth from contraction.

The dollar fell to its lowest in more than two months against the yen on Wednesday as short-yen carry trades were unwound ahead of next week's Bank of Japan meeting, with investors girding for a hawkish move to begin removing monetary stimulus. The yen also rose to its highest since mid-May against the euro.

The dollar index , which measures the greenback against a basket of six currencies including the yen and the euro, was off 0.34% at 104.12. The euro marked its lowest price since May 8 and was down 1.36% at 166.56 yen. The euro was up 0.08% at \$1.086. Sterling strengthened 0.19% to \$1.293.

The Canadian dollar weakened to a three-month low against its U.S. counterpart on Wednesday as the Bank of Canada lowered interest rates, as expected, for a second time in two months and signaled it was likely to ease further.

S&P Global said that its flash U.S. Composite PMI Output Index tracking the manufacturing and services sectors edged up to 55.0 this month, the highest level since April 2022.

The main macro news of the week comes Thursday with the first estimate of U.S. second quarter GDP and Friday with the Personal Consumption Expenditures Price Index, which the Federal Reserve relies on to gauge inflation. 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
Advance GDP q/q	USD	2.0%	1.4%	HIGH

Durable Goods Orders m/m	USD	0.3%	0.1%	HIGH
ECB President Lagarde Speaks	EUR			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	90.68	90.60	89.95	91.50	92.30	SIDEWAYS
GBPINR FUTURE	108.06	107.80	107.00	108.75	109.50	BULLISH
JPYINR FUTURE	54.0	53.20	52.50	54.20	55.30	BULLISH

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