

KEY HEADLINES:

The rupee slipped by 4 paise to close at 77.59 (provisional) against the US dollar on Tuesday, weighed down by a negative trend in domestic equities and unabated foreign fund outflows.

At the interbank foreign exchange market, the rupee opened lower at 77.56 against the greenback, and finally settled at 77.59, down 4 paise over its previous close.

The dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.07 per cent lower at 102.

The U.S. dollar index hit a nearly one-month low on Tuesday after European Central Bank President Christine Lagarde said eurozone interest rates will likely be in positive territory by the end of the third quarter, giving the euro a boost.

While the dollar index has fallen further to the downside and eying the psychological level of 100, the local unit is weakening along with other emerging market currencies on growth and inflation worries.

In the current calendar year, foreign institutional investors sold equities worth USD 21.25 billion and USD 1.82 billion of debt.

According to sources, the Reserve Bank is likely to raise inflation projections in the Monetary Policy Committee (MPC) meeting next month and would also consider a rate hike to tame inflation, which is above its comfort level. The MPC, headed by the RBI Governor, is scheduled to meet between June 6 and June 8. It has been mandated to keep retail inflation in the range of 2-6 per cent.

Besides the Reserve Bank of India (RBI), several central banks including the US Federal Reserve and Bank of England have hiked their benchmark lending rates to rein in inflation, which has been exacerbated by the Russia-Ukraine conflict.

Foreign institutional investors were net sellers in the capital market on Monday, as they offloaded shares worth Rs 1,951.17 crore, as per stock exchange data.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Official Cash Rate	NZD	2.0%	1.5%	HIGH
ECB President Lagarde Speaks	EUR			HIGH
Core Durable Goods Orders m/m	USD	0.5%	1.4%	MEDIUM
FOMC Meeting Minutes	USD			HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	77.83	77.50	77.30	78.05	78.50	SIDEWAYS
EURINR FUTURE	83.36	83.05	82.60	83.75	84.30	BULLISH
GBPINR FUTURE	97.30	97.20	96.25	98.15	99	BULLISH
JPYINR FUTURE	61.16	60.55	60	61.45	62	BULLISH

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