

KEY HEADLINES:

The Indian rupee spot against the US dollar end flat on Thursday after series of record low this week supported by dollar sales from state run banks and soft crude oil prices while pressure continue to be seen from dollar index as well US bond yield trades near 3-month high and likely foreign funds outflow after sell off in domestic equities pressure rupee.

The rupee at NSE Future 29 Oct. ended gain by 1 paise at 84.08 against previous close of 84.09 and after making low of 84.07 and high of 84.08.

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.

Growth in India's business activity picked up slightly in October after softening last month, led by stronger demand in the manufacturing sector, according to a survey that also showed job creation rose at the fastest pace since February 2006. HSBC's flash India Composite PMI, compiled by S&P Global, rose to 58.6 this month from September's final reading of 58.3, which was a 10-month low. The headline index has been above the 50-level separating growth from contraction for 39 consecutive months - the longest expansionary streak since June 2013.

The euro and Japanese yen strengthened on Thursday as the U.S. dollar paused after rallying to a nearly three-month high, with the greenback only briefly moving off earlier lows as data supported views for slower rate cuts by the Federal Reserve.

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.

report from S&P Global said its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors rose to 54.3 this month from a final reading of 54.0 in September. A reading above 50 signals expansion.

The dollar index , which measures the greenback against a basket of currencies, fell 0.37% to 104.05, its first decline after three straight sessions of gains, with the euro up 0.39% at \$1.0823 after hitting a nearly four-month low of \$1.076 on Wednesday. Against the Japanese yen , the dollar weakened 0.6% to 151.83.

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 market is pricing in 95.1% 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

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.08	83.80	83.40	84.20	84.70	BULLISH
EURINR FUTURE	90.80	90.60	90.0	91.40	92.20	BEARISH
GBPINR FUTURE	109.11	108.60	108.0	110.0	110.85	BEARISH
JPYINR FUTURE	55.21	55.0	54.50	56.0	56.50	BEARISH

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