

## **KEY HEADLINES:**

The Indian rupee snapped a 3-day winning streak on Tuesday due to likely the Reserve Bank of India (RBI) intervened through dollar purchases, while importer hedging further weighed ahead of list of central; banks policy meet.

The rupee at NSE Future 29 Aug ended weak by 5 paise at 81.97 against previous close of 81.92 and after make low of 81.76 and high of 81.98. The one-year dollar-rupee implied yield rose four bps to 1.73%, amid the RBI's possible intervention in the forwards market. Besides the dollar inflows, gains in the Chinese yuan have also contributed to the rupee's rise over the past few sessions.

The Reserve Bank of India (RBI) bought \$7.37 billion in the spot foreign exchange market in May, as part of the central bank's monthly bulletin.

The Indian rupee had risen 0.77% in June, its highest since a 1.19% appreciation in January, mostly helped by inflows into equities.

Foreign investors have poured more than \$4 billion into Indian shares so far this month, according to NSDL data, driven by the country's robust economic growth and strong corporate earnings.

The dollar was steady on Tuesday, as investors remained cautious ahead of a week packed with central bank decisions that could help set the outlook for monetary policy. Signs of an extremely resilient U.S. economy helped the currency recover from a recent 15-month low, as well as persistent weakness in Europe. The dollar index rose 0.118% to 101.510, hitting a two-week peak earlier of 101.65, with the euro down 0.31% to \$1.1028.

U.S. consumer confidence increased to a 2-year high in July amid continued optimism about the labor market, though worries about a recession persisted, a survey showed on Tuesday. The Conference Board said its consumer confidence index rose to 117 this month, the highest reading since July 2021, from 110.1 in June. Economists polled by Reuters had expected the index to increase to 111.8.

This week is likely to see the dollar consolidate as investors wait on the Federal Reserve's meeting, when the U.S. central bank is expected to hike rates by an additional 25 basis points. Fed funds futures expect the Fed's overnight rate will rise to 5.43% in November and stay above 5% until June 2024. The Fed concludes a meeting on

Wednesday, followed by the European Central Bank (ECB) a day later and the Bank of Japan (BOJ) on Friday, as well as earnings from many heavyweight companies.

The key for the rupee and other emerging market currencies this year will be contingent on how the U.S. inflation and growth data shape up and how they affect the U.S. Federal Reserve rate expectations.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
New Home Sales	USD	726k	763k	HIGH
Federal Funds Rate	USD	5.50%	5.25%	HIGH
FOMC Press Conference	USD			HIGH

### Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	81.97	81.75	81.0	82.40	82.90	BEARISH
EURINR FUTURE	90.66	90.35	89.50	91.50	92.10	BEARISH
GBPINR FUTURE	105.13	104.90	104.0	106.0	107.10	BEARISH
JPYINR FUTURE	58.25	58.15	57.25	59.15	60.25	BEARISH

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