

## **KEY HEADLINES:**

The **rupee** recovered 3 paise to settle at 77.54 (provisional) against the US currency in a restricted trade on Wednesday as interventions by banks supported the local unit while a stronger dollar in overseas markets restricted the gains.

At the interbank forex market, the rupee opened higher at 77.54 against the greenback and moved in a range of 77.44 to 77.57 in the day trade.

The dollar index, which gauges the greenback's strength against a basket of six currencies, rose 0.36 per cent to 102.22.

FED last meet minutes shows, most Federal Reserve officials agreed at their gathering this month that the central bank needed to tighten in half-point steps over the next couple of meetings, continuing an aggressive set of moves that would leave policy makers with flexibility to shift gears later if needed.

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 Tuesday as they offloaded shares worth Rs 2,393.45 crore, as per stock exchange data.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Prelim GDP q/q	USD	-1.3%	-1.4%	HIGH
Pending Home Sales m/m	USD	-1.9%	-1.2%	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	77.87	77.50	77.30	78.05	78.50	SIDEWAYS
EURINR FUTURE	83.17	83.05	82.60	83.75	84.30	BULLISH
GBPINR FUTURE	97.33	97.20	96.25	98.15	99	BULLISH
JPYINR FUTURE	61.38	60.55	60	61.45	62	BULLISH

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