

## **KEY HEADLINES:**

The Indian rupee rose against the U.S. currency on Wednesday, helped by likely dollar inflows and gains in most major Asian peers. There was talk of dollar inflows related to Adani Enterprises, as its follow-on public offering (FPO) opens on Friday.

The rupee last traded at 81.59 per U.S. dollar, compared with 81.72 in the previous session. It was a choppy session ahead of holiday in India, with the local currency trading in a range of 81.50 to 81.76. The offshore Chinese yuan rose to 6.7750 to the dollar and the Korean won advanced, helped by a fall in Treasury yields. The two-year U.S. yield dropped to near 4.14%.

India's budget presentation and the Federal Reserve's meeting on Feb. 1 are considered the next big trigger events. The U.S. central bank's rate decision will be significant for currency markets, with participants expecting a smaller 25-basis-points hike and a terminal rate of around 5%. Fed fund futures see only two more quarter-point rate hikes by the Fed to a peak of around 5% by June, before it starts cutting rates later in the year. The Federal Reserve itself has insisted it still has 75 bps of increases in the pipeline.

The dollar edged higher against the euro on Thursday after data showed the U.S. economy maintained a strong pace of growth in the fourth quarter, even as momentum appears to have slowed towards the end of the year.

U.S. GDP increased at a 2.9% annualised rate last quarter and the economy grew at a 3.2% pace in the third quarter. Economists polled by Reuters had forecast GDP rising at a 2.6% rate.

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.

Meanwhile, bitcoin was little changed on the day at \$22,995, continuing to tread water after having jumped by about a third in value since early January, following big losses following the high-profile collapse of the FTX crypto exchange.

## **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Core PCE Price Index m/m	USD	0.3%	0.2%	HIGH
Pending Home Sales m/m	USD	-1.0%	-4.0%	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	81.72	81.35	80.90	82	82.55	BULLISH
EURINR FUTURE	88.90	88.30	87.50	89.40	90.20	BULLISH
GBPINR FUTURE	100.61	100.30	99.40	101.40	102	SIDEWAYS
JPYINR FUTURE	63.24	62.55	61.90	63.65	64.50	SIDEWAYS

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