

KEY HEADLINES:

The Indian rupee fall marginally against the U.S. currency in thursday from 7-week high register yesterday, as some rebound seen in dollar index from lower level and subdued activity ahead of key US data including advance GDP and FED meet next week, which makes profit booking in local currency after 5-days of gain.

The rupee at NSE Future 29 May ended weak by 4 paise at 81.92 against previous close of 81.88 and after make low of 81.72 and high of 81.96.

The dollar rose on Thursday as weaker-than-expected U.S. economic growth in the first quarter is viewed as not likely to deter the Federal Reserve from raising interest rates next week.

US advance estimate of first-quarter GDP showed a 1.1% annualized rate during the period. The economy grew at a 2.6% pace in the fourth quarter. Economists polled by Reuters had forecast GDP rising at a 2.0% rate. However, investors focused on the quarterly inflation number within the GDP report. Core personal consumption expenditure prices rose 4.9% in the first three months of the year, higher than the 4.7% consensus and up from the fourth quarter figure. The dollar index rose 0.1% to 101.50 .

Markets have priced in a 90% probability of a 25 basis-point rate increase at the May policy meeting, with a pause factored in after that. Aside from the Fed, the European Central Bank also meets next week and is also expected to lift rates by 25 basis points (bps), with the possibility of a 50-bps hike as well. Euro zone inflation and growth data are also due later this week.

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 |
|-----------------|----------|----------|----------|--------|
| BOJ Policy Rate | JPY | -0.10% | -0.10% | HIGH |

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|--------------------------|-----|------|------|------|
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| German Prelim CPI m/m | EUR | 0.6% | 0.8% | HIGH |
| Core PCE Price Index m/m | USD | 0.3% | 0.3% | HIGH |
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Support Resistance Levels – Currency Future:

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|---------------|--------|--------|-------|--------|--------|----------|
| USDINR FUTURE | 81.92 | 81.55 | 81.0 | 82.15 | 82.45 | BEARISH |
| EURINR FUTURE | 90.51 | 89.90 | 89.25 | 90.80 | 91.70 | BULLISH |
| GBPINR FUTURE | 102.17 | 101.20 | 100.0 | 102.70 | 103.80 | BULLISH |
| JPYINR FUTURE | 61.67 | 61.25 | 60.75 | 61.90 | 62.60 | SIDEWAYS |

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