

KEY HEADLINES:

The rupee declined 13 paise to close at 79.91 (provisional) against the US dollar on Wednesday, weighed down by the overall strength in the greenback and expectations of an aggressive rate hike by the US FED.

At the interbank foreign exchange market, the local currency opened at 79.83 and finally ended at 79.91, down 13 paise over its previous close. On Tuesday, the rupee had settled at 79.78 against the American currency.

The dollar index, which gauges the greenback's strength against a basket of six currencies, fell 0.19 per cent to 106.98.

Federal Reserve officials raised interest rates by 75 basis points for the second straight month, delivering the most aggressive tightening in more than a generation to curb surging inflation -- but risking a sharp blow to the economy. Another "unusually large" increase in interest rates may be appropriate at the Federal Reserve's September meeting, but the decision will be determined by the incoming economic data between now and then, Fed Chair Jerome Powell said on Wednesday.

Foreign institutional investors remained net sellers in the capital market on Tuesday as they offloaded shares worth Rs 1,548.29 crore, as per exchange data. It projects the global economy to slow further to 3.2 per cent in 2022 from last year's 6.1 per cent.

The RBI will announce its next policy decision in early August. The market broadly expects to see another 50 basis point rate increase after retail inflation stayed above 7% in June, the sixth straight month it has been above the RBI's upper tolerance level of 6%.

Later in the week, investors will also eye the US advance reading for second-quarter gross domestic product, which could show negative growth and meet a traditional definition of recession.

Economic Indicators to be released.

| Indicator | Currency | Forecast | Previous | Impact |
|-----------|----------|----------|----------|--------|
| | USD | 0.4% | -1.6% | HIGH |

| | | | | |
|----------------------------|-----|--|--|------|
| Advance GDP q/q | | | | |
| Treasury Sec Yellen Speaks | USD | | | HIGH |
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Support Resistance Levels – Currency Future:

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|---------------|-------|-------|-------|-------|-------|----------|
| USDINR FUTURE | 80.13 | 79.70 | 79.30 | 80.20 | 80.80 | BULLISH |
| EURINR FUTURE | 81.63 | 81.30 | 80.65 | 82.25 | 83 | SIDEWAYS |
| GBPINR FUTURE | 96.75 | 96 | 95.25 | 97.30 | 98 | BULLISH |
| JPYINR FUTURE | 58.77 | 58.30 | 57.75 | 59 | 59.30 | BULLISH |

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