

KEY HEADLINES:

The **rupee** pared initial losses to settle 4 paise higher at 76.53 (provisional) against the US dollar on Thursday, tracking positive domestic equities. The appreciation bias in the local unit is likely to be capped in the near term amid strong American currency, inflationary concerns and fears about an aggressive pace of the US rate hikes.

At the interbank forex market, the rupee opened at 76.60 against the greenback and moved in a range of 76.43 to 76.71 in the day trade. It finally closed at 76.53, registering a rise of just 4 paise over its previous close of 76.57.

The dollar index, which gauges the greenback's strength against a basket of six currencies, surged 0.44 per cent to 103.41.

The dollar hit a 20-year high against rivals on Thursday as the Bank of Japan doubled down on its dovish policy, sending the yen to its weakest level since 2002, while the euro hit a five-year low on growth concerns for the region.

The dollar shot past the key level of 130 yen after the BOJ strengthened its commitment to keep interest rates ultra-low by vowing to buy unlimited amounts of bonds daily to defend its yield target.

The Fed is expected to raise rates by 50 basis points when it concludes its two-day meeting on Wednesday. Aggressive increases are likely to follow at subsequent meetings, with fed fund futures traders pricing for the Fed's benchmark rate to rise to 2.73% by year-end, from 0.33% now.

The greenback pared gains after data showed U.S. economic growth unexpectedly contracted in the first quarter as a resurgence in COVID-19 cases disrupted activity.

The euro was last \$1.0505, after earlier reaching \$1.0470, the lowest since Jan. 2017. Sterling also succumbed to dollar strength on Thursday, tumbling to a 21-month low of \$1.2412.

Bitcoin gained 2.04% to \$40,058 and ether rose 2.69% to \$2,698.

Foreign institutional investors were net sellers in the capital market on Wednesday, as they offloaded shares worth Rs 4,064.54 crore, as per stock exchange data.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Core PCE Price Index m/m	USD	0.3%	0.4%	HIGH
Revised UoM Consumer Sentiment	USD	65.8	65.7	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	76.63	76.40	75.85	76.85	77.25	BULLISH
EURINR FUTURE	80.48	80.40	79.80	81.20	81.90	BEARISH
GBPINR FUTURE	95.57	95.45	95	96.25	97	BEARISH
JPYINR FUTURE	58.68	58.50	58	59.25	60	BEARISH

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