

KEY HEADLINES:

The Indian rupee spot against the US dollar end slightly lower on Wednesday tracking sharp fall in Asian peers and rebound in dollar index, but manage to hold above its all time low supported by likely dollar sales by state run banks and firm equity market which hope for inflows added by fall in crude oil prices support domestic currency at lower level.

The rupee at NSE Future 26 Sep. ended down by 3 paise at 84.04 against previous close of 84.01 and after make low of 84.01 and high of 84.11. Most Asian currencies slipped, led by the Korean won, which declined 0.3%.

Despite its Asian peers having risen between 0.2% and 5% over August so far the rupee's gains have largely proven to be fleeting even as the dollar has dropped 3% this month in the lead up to rate cuts kicking off in the US next month. Also, routine interventions by the Reserve Bank of India (RBI) this month have ensured that the rupee does not fall to 84, a psychological support level for the currency.

Strong dollar demand from importers and outflows from equities have both contributed to limiting the rupee's gains in recent sessions, Overseas investors have sold \$1.3 billion of local stocks on a net basis this month, compared with nearly \$7 billion of inflows over the previous two months.

The U.S. dollar rebounded on Wednesday due to month-end buying after recent declines that pushed it to its weakest in more than a year, as traders awaited economic data that could determine the pace of the Federal Reserve's imminent easing cycle.

The dollar index, rose 0.4% to 100.99, on pace for its largest daily percentage gain since mid-June. Against the yen, the dollar rose 0.3% to 144.45 yen , moving away from Monday's three-week low. The euro slid 0.5% to \$1.1132, still within reach of the 13-month peak touched at the start of the week.

For the month of August, however, the greenback has fallen 3.4%, its worst monthly decline since November 2023. It reached a 13-month low of 100.51 in the previous session, weighed down by a recent sharp re-evaluation of expectations for Fed rate cuts.

U.S. advance GDP data on Thursday and personal consumption expenditure (PCE) inflation data on Friday is a closely watched global cue this week as it may help investors gauge whether the Federal Reserve is likely to deliver a 25 or 50 basis point rate cut at

its September meeting.

Fed fund futures reflected traders pricing a near 35% chance of a 50 basis point cut at the central bank's September meeting down from 37% last week end, with a 25-basis-point reduction having odds of 75%, according to CME FedWatch. Investors are currently pricing in 100 basis points of rate cuts by the Federal Reserve over 2024 and around 210 basis points of rate reductions are expected by the end of 2025.

In cryptocurrencies, bitcoin was last down 4.2% at \$59,273, part of a broader retreat in digital currency prices, as the initial boost from Powell's strong signal on rate cuts faded.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Prelim GDP q/q	USD	2.8%	2.8%	HIGH

Pending Home Sales m/m	USD	0.2%	4.8%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 26 Sep 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.04	83.55	83.0	84.15	84.60	BULLISH
EURINR FUTURE	93.61	92.90	91.75	93.90	94.50	BULLISH
GBPINR FUTURE	111.08	110.10	109.40	111.30	112.0	BULLISH
JPYINR FUTURE	58.37	57.50	56.70	58.85	59.50	BULLISH

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Disclosure:

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