

KEY HEADLINES:

The Indian rupee against the US dollar end almost flat on Thursday after trading in small trading range due to consistent dollar demand from OMC added by outflows from equity and rally in dollar index as well weakness in Yuan pressure rupee from appreciation while likely intervention from RBI help to avert further losses in domestic currency.

The rupee at NSE Future 28 Aug. ended down by 2 paise at 83.80 against previous close of 83.78 and after make low of 83.70 and high of 83.81. Rupee spot hit lifetime lows in six of the last 9-trading sessions and was down about 0.4% in July, its worst m-on-m performance since March. Asian currencies were mostly higher on the day but the offshore Chinese yuan fell 0.3% to 7.24.

India is set to receive monsoon rainfall that is above the average as a La Nina weather pattern forms in August and September, a top weather official said on Thursday, promising to boost farm output and growth in Asia's third-biggest economy. A La Nina weather pattern is likely to develop by the end of August or early September, bringing higher rainfall, said Mrutyunjay Mohapatra, director-general of the India Meteorological Department (IMD).

Despite the recent pressure on the rupee, the RBI's routine interventions have kept volatility expectations in check. The rupee's 1-month implied volatility is at 1.55 - 1.75%, hovering close to its lowest in nearly two decades.

The dollar gained on Thursday as rising geopolitical tensions drove a safe-haven boost, while the British pound fell after the Bank of England cut interest rates from a 16-year high. The dollar also bounced as a selloff on Wednesday following dovish comments by Federal Reserve Chair Jerome Powell at the conclusion of the U.S. central bank's two-day meeting was seen as possibly overdone.

The dollar index was last up 0.35% at 104.41. The euro touched a three-week low of \$1.07775 and was last down 0.36% at \$1.07865. The dollar was last down 0.21% at 149.65 yen . It earlier reached 148.51, the lowest since March 15.

Sterling slipped 0.96% to \$1.2733, the lowest level since July 3, after the Bank of England cut interest rates following a tight vote by policymakers, who were split over whether inflation pressures had eased sufficiently.

Data on Thursday showed that the number of Americans filing new applications for unemployment benefits increased to an 11-month high last week.

The next major U.S. economic release that is likely to drive Fed policy will be Friday's jobs report for July. It is expected to show that employers added 175,000 jobs during the month, while the unemployment rate is expected to stay steady at 4.1%.

Markets are currently pricing in a 94.4% chance of a rate cut of at least 25 basis points (bps) from the Fed in September, according to CME's FedWatch Tool, and also fully pricing in three 25-basis-point rate cuts by year-end, indicating one cut at each of the Fed's September, November and December meetings.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Non-Farm Employment Change	USD	176K	206K	HIGH

Unemployment Rate	USD	4.1%	4.1%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 28 Aug 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.80	83.50	83.20	83.90	84.55	BULLISH
EURINR FUTURE	90.47	90.40	89.50	91.0	91.50	BEARISH
GBPINR FUTURE	107.01	106.95	106.0	107.90	108.70	BEARISH
JPYINR FUTURE	55.96	55.10	54.30	56.25	57.0	BULLISH

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