

KEY HEADLINES:

The Indian rupee against the US dollar end flat near record low on Tuesday after trading between small tight trading band as on one side month end dollar demand from OMC and gain in dollar index pressure rupee lower side while other side likely intervention from RBI help to avert further losses.

The rupee at NSE Future 28 Aug. ended gain by 2 paise at 83.79 against previous close of 83.81 and after make low of 83.78 and high of 83.81. most Asian currencies slipped. The offshore Chinese yuan, on the other hand, was up 0.2% at 7.26.

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 Japanese yen gained on Tuesday on news reports that the Bank of Japan is considering raising rates to 0.25% when it concludes its two-day meeting on Wednesday. That would be an increase from the current 0-0.1% and more than the market is currently pricing in, with a 10 basis-point increase still seen as only a 55% probability.

The dollar was last down 0.51% at 153.23 yen. The dollar has fallen against the Japanese currency since hitting a 38-year high of 161.96 on July 3. The dollar fell 0.07% to 104.51 against a basket of currencies, after earlier hitting 104.79, the highest level since July 11. The euro fell 0.06% to \$1.0813 and earlier reached \$1.0798, the lowest level since July 8, as investors digested growth data.

U.S. data on Tuesday showed that U.S. job openings fell modestly in June and data for the prior month was revised higher. Consumers' perceptions of the labor market, meanwhile, are deteriorating.

Policy decisions from the U.S. Federal Reserve, the Bank of England and Bank of Japan are in focus this week. This could signal when the first interest rate cut would be, and the Bank of Japan, which could raise interest rates. The FOMC will meet on July 30, a day before the Bank of Japan.

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 a total 70 bps cut is expected by December.

The rate futures market has priced in a 67.2% chance that the BOJ will raise rates next week, up from about 40% earlier in the week, according to LSEG estimates.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Manufacturing PMI	CNY	49.4	49.5	HIGH

BOJ Policy Rate	JPY	0.10%	0.10%	HIGH
ADP Non-Farm Employment Change	USD	147K	150K	HIGH
Employment Cost Index q/q	USD	1.0%	1.2%	HIGH
Federal Funds Rate	USD	5.50%	5.50%	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.79	83.50	83.20	83.90	84.55	BULLISH
EURINR FUTURE	90.79	90.45	89.50	91.50	92.30	BEARISH
GBPINR FUTURE	107.62	107.0	106.0	108.25	108.70	BEARISH
JPYINR FUTURE	54.33	54.20	53.70	54.80	55.10	SIDEWAYS

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