

## **KEY HEADLINES:**

The Indian rupee against the US dollar ended sharply higher on Monday to a 3-month high in intra-day trade thanks to expected robust inflows after an equity market rally towards a fresh all-time high and after a fall in the dollar index as well as crude oil prices. The rupee clocked the highest single-day rise since April 2023 and lost its 10-week high.

The rupee at NSE Future 26 June ended its rally by 31 paise at 83.19 against its previous close of 83.50 and after making a low of 83.01 and a high of 83.46.

The finance ministry on Saturday said the country's Goods and Services Tax (GST) collections grew 10 per cent to Rs 1.73 lakh crore in May, driven by an increase in domestic transactions, indicating a sustained economic momentum.

The government data released on Friday showed India's economy grew by 8.2 per cent in the fiscal year that ended in March, cementing the country's position as the fastest-growing major economy in the world.

The central government's fiscal deficit during 2023-24 at 5.6 per cent of the GDP was better than previous estimates of 5.8 per cent on account of higher revenue realisation and lower expenditure, according to official data released on Friday.

The country's forex reserves dropped by USD 2.027 billion to USD 646.673 billion for the week ended May 24, the Reserve Bank said on Friday. In the previous reporting week, the kitty had reached an all-time high of USD 648.7 billion after a jump of USD 4.549 billion.

The dollar fell to a three-week low on Monday after data showed the U.S. economy is gradually slowing down with weaker-than-expected readings on manufacturing and construction spending, suggesting that the Federal Reserve is on track to start cutting interest rates later this year.

The dollar index, a measure of the U.S. currency's value against six major currencies, fell 0.4% to 104.14. The index earlier dropped to 104.13, the lowest since mid-May. The greenback also slid to a two-week trough against the yen following the data and was last down 0.7% at 156.22. The euro gained 0.5% versus the dollar to \$1.0897, after earlier rising to a three-week high of \$1.0898.

Monday's data showed the U.S. Institute for Supply Management's (ISM) purchasing

managers index (PMI) for manufacturing fell to 48.7 in May, from 49.2 in April, sliding as well from an 18-month high of 50.3 seen in March. U.S. construction spending also slid unexpectedly for a second consecutive month in April, decreasing by 0.1% after a 0.2% decline in March, amid falls in non-residential activity.

The U.S. dollar posted its first monthly decline of the year in May, weighed down by shifting expectations on when the U.S. central bank will cut rates and by how much.

Bloomberg Index Services said it will include 34 Indian government bonds that are open for investment under the country's fully accessible route in its emerging market local currency indexes from January 2025. The announcement follows JP Morgan's decision to add Indian government bonds in its Government Bond Index-Emerging Markets from June 2024.

Markets are now pricing in nearly 35 basis points of rate cuts from the Fed this year, including a 50% chance of a rate cut of at least 25 basis points in September, according to CME's FedWatch Tool.

Money markets now see only a 15% chance of a rate cut in June got BOE, according to LSEG data. Earlier this week, pricing in derivatives markets suggested traders saw a 55% chance of a first cut coming in June.

### Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
JOLTS Job Openings	USD	8.37M	8.49m	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.19	82.90	82.40	83.70	84.0	BEARISH
EURINR FUTURE	90.26	89.80	89.50	90.80	91.30	BULLISH
GBPINR FUTURE	105.73	105.50	104.50	106.45	107.0	BULLISH
JPYINR FUTURE	53.37	53.0	52.40	53.95	54.25	BEARISH

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