

KEY HEADLINES:

The Indian rupee spot against the US dollar end lower on Tuesday with forward premium also decline tracking weak Asian peers and recovery in dollar index added as well US bond yield makes rupee under pressure against expected inflows from domestic equity after register record high, soft crude oil prices and Central bank regular intervene limit down side for domestic currency.

The rupee at NSE Future 26 Sep. ended down by 3 paise at 84.02 against previous close of 83.99 and after make low of 83.99 and high of 84.03. Most Asian peers were down 0.1% to 0.6%.

The Reserve Bank of India has on many occasions over the last month intervened near the current levels to prevent the rupee from dipping past 84. The rupee has been among the least volatile in the Asian currency space, thanks largely to RBI's intervention.

Traders await the U.S. the JOLTS job openings, ADP private payrolls and the weekly jobless claims and Non Farm data due this week, which gives some direction to FED decision for size of rate cur in next meeting. The highly-anticipated non-farm payrolls report is due on Friday. And Considering all the data that is lined up, this is a "make-or-break week" for the dollar.

Despite its Asian peers having risen between 0.2% and 5% over August, 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,

The dollar rose to a two-week high against the euro on Tuesday as traders braced for a data-heavy week, including Friday's U.S. payrolls report that could shape the path of interest rate cuts from the Federal Reserve.

The euro was 0.3% lower against the dollar at \$1.1043 on Tuesday, after slipping to a two-week low of \$1.103375 earlier in the session. The Dollar Index on Tuesday up 0.2% at 101.84. The dollar fell 0.7% against the yen to 145.89 yen.

U.S. manufacturing contracted at a moderate pace in August amid some improvement in

employment, but a further decline in new orders and rise in inventory suggested factory activity could remain subdued for a while. The ISM said its manufacturing PMI rose to 47.2 last month from 46.8 in July, which was the lowest reading since November. A PMI reading below 50 indicates contraction in the manufacturing sector, which accounts for 10.3% of the economy.

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.

Fed fund futures reflected traders pricing a near 37% chance of a 50 basis point cut at the central bank's September meeting from 35% last week end, and with a 25-basis-point reduction having odds of 63%, 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.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
GDP q/q	AUD	0.2%	0.1%	HIGH

JOLTS Job Openings	USD	8.09M	8.18M	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.02	83.70	83.0	84.15	84.60	SIDEWAYS
EURINR FUTURE	92.87	92.75	91.75	93.20	93.90	SIDEWAYS
GBPINR FUTURE	110.19	110.10	109.40	111.40	112.0	BEARISH
JPYINR FUTURE	57.59	57.50	56.70	58.30	58.85	SIDEWAYS

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