

## **KEY HEADLINES:**

The Indian rupee against the US dollar end marginally higher on Thursday amid firm Asian peers due to fall in US bond yield and dollar index added by record high equity hopes funds flow and makes rupee positive. While dollar demand from foreign bank as well OMC added by firm crude oil prices check domestic rupee from sharp rally.

The rupee at NSE Future 29 July. ended gain by 2 paise at 83.56 against previous close of 83.58 and after make low of 83.53 and high of 83.61. Most Asian currencies rose with the Chinese yuan up about 0.1% and the Japanese yen nearly 0.3% higher. Pressure on the yen and yuan had kept Asian currencies on the defensive over recent trading sessions but soft U.S. economic data on Wednesday helped ease the depreciation pressure.

Forecasters polled by Reuters expect the currency to trade within the narrowest range in nearly three decades over the coming year as the Reserve Bank of India (RBI) continues to maintain its tight grip.

Expectations of dollar inflows as domestic bonds are to be included in a JPMorgan index are likely to push out potential weakness in the rupee. The inclusion is expected to spur passive inflows of about \$2 billion around June 28. The \$2-billion single-day inflow estimate by bankers trails only the record-high \$2.7 billion poured into Indian bonds on Aug. 20, 2014.

Foreign investors have bought more than \$10 billion of Indian government bonds that will be included in a widely-followed JPMorgan debt index on June 28, taking their ownership of such papers to a record high. In the nine months since JPMorgan said India's sovereign debt will be included in its emerging market debt index, foreign investors have bought 841 billion rupees (\$10.08 billion) of eligible bonds on a net basis. Overseas buyers now own 1.79 trillion rupees of Indian bonds included in the so-called fully accessible route, which allows unfettered foreign purchases. A majority of these notes will be a part of the JPM index.

U.S. markets are closed on Thursday for the July 4 holiday.

The pound and the euro gained against the dollar on Thursday after weak U.S. economic data sent the greenback lower the previous day, as voting began in Britain and the French election neared.

Sterling was last up a whisker at \$1.2757, after gaining 0.46% the previous day and touching a three-week high, while the euro was at \$1.0801, up 0.1% after a gain of 0.4% on Wednesday and reaching a three-week top. The pound is now up on the year against the dollar, making it the best performing G10 currency in 2024.

The focus now shifts to Friday's nonfarm payrolls report, which is expected to show an increase of 190,000 jobs in June after rising 272,000 in May, according to a Reuters poll of economists. The unemployment rate is forecast to be unchanged at 4.0%.

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.

Despite the hawkish shift in policymaker's expectations by FED, the odds of a September rate cut rose to about 74%, up from 63% earlier of this week, according to CME's FedWatch tool.

### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact

Non-Farm Employment Change	USD	191K	272K	HIGH
ECB President Lagarde Speaks	EUR			HIGH

**Support Resistance Levels – Currency Future: ( NSE CUR - 29 July 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.56	83.40	83.0	83.90	84.40	SIDEWAYS
EURINR FUTURE	90.21	89.40	88.80	90.25	91.10	BULLISH
GBPINR FUTURE	106.44	105.80	105.40	106.90	107.50	BULLISH
JPYINR FUTURE	51.99	51.50	51.0	52.10	52.50	BEARISH

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