

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end lower on Wednesday to hit record low having stayed in a narrow three-paisa range throughout the session, tracking weak Asian peers due to recovery in dollar index as well US bond yield makes rupee under pressure while lower side support seen from expected inflows from domestic equity market after register record high in previous session, 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 4 paise at 84.06 against previous close of 84.02 and after make low of 84.01 and high of 84.09.

Activity in India's dominant services sector rose at its fastest pace in five months in August as demand remained resilient amid easing inflationary pressures, a survey showed. The HSBC final India Services PMI, compiled by S&P Global, rose to 60.9 in August, up from July's 60.3 and exceeding a preliminary estimate of 60.4. The reading, which has topped the 50-mark separating growth from contraction since August 2021, was above the long-run average and marked the highest level since March.

Rupee stayed in a 20-paisa range over the last month. 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. 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 slipped against most major currencies on Wednesday after July U.S. job openings data signaled a softening labor market, tilting the odds further in favor of larger

interest rate cuts by the Federal Reserve.

Traders boosted bets that the Fed will deliver a half-a-percentage-point reduction at its next meeting, following news that job openings in July fell to the lowest level in 3-1/2 years.

The dollar index , which measures the U.S. currency's strength against six major peers, was down 0.3% at 101.4. The dollar slipped 1% to 144.07 yen, a one-week low. The euro was 0.2% higher at \$1.107075, recovering from early marginal declines.

The Canadian dollar rose 0.3% against its U.S. counterpart after the Bank of Canada cut its key policy rate by 25 basis points to 4.25% as forecast but expressed concern that weaker-than-expected growth might mean inflation falls too quickly.

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 42% 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 75%, 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
ADP Non-Farm Employment Change	USD	144K	122K	HIGH
ISM Services PMI	USD	51.3	51.4	HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.06	83.70	83.0	84.15	84.60	BULLISH
EURINR FUTURE	92.93	92.75	91.75	93.20	93.90	SIDEWAYS
GBPINR FUTURE	110.21	110.0	109.40	110.70	111.40	BEARISH
JPYINR FUTURE	57.94	57.50	56.70	58.30	58.85	SIDEWAYS

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