

## **KEY HEADLINES:**

The Indian rupee strengthened to an over 3-week high against the U.S. currency on Wednesday, as foreign banks were selling dollars amid improved risk appetite in the market. The inflows on Wednesday could also be related to a corporate fundraising.

The rupee at NSE Future 28 April ended strong by 30 paise at 82.13 against previous close of 82.43 and after make low of 82.02 and high of 82.34.

Growth in India's dominant services industry eased last month from February's 12-year high due to a softer expansion in demand, according to a private survey, which also showed input cost inflation falling to its lowest since September 2020.

Meanwhile, the RBI's monetary policy decision is due Thursday, where a 25 bps hike is expected, with a focus on the central bank's commentary and guidance. U.S. March non-farm payroll report, due on Friday, would be crucial to gauge the Fed's policy path.

The dollar advanced on Wednesday, recovering from two-month lows hit the previous session, as investors lightened their short positions to book profits ahead of the all-important U.S. non-farm payrolls report on Friday.

In March, U.S. two-year yields, which reflect interest rate expectations, sank nearly 74 basis points (bps), the worst monthly fall since January 2008, which was in the thick of the global financial crisis.

Investors will also await crucial U.S. non-farm payrolls report, due on Friday, and inflation data next week. U.S. rate futures markets are now pricing in a 55% chance of the Fed leaving rates unchanged at its next meeting, up from a 43% chance a day earlier. Market have also priced in about 85 bps cuts by the end of the year.

On Tuesday, U.S. two-year Treasury yields, which tend to reflect interest rate expectations, dropped 12 basis points (bps) to 3.86% . For the month of March, two-year yields plunged nearly 74 bps, the worst monthly fall since January 2008 in the midst of the global financial crisis.

The key for the rupee and other emerging market currencies this year will be contingent on how the U.S. inflation and growth data shape up and how they affect the U.S. Federal Reserve rate expectations.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Unemployment Claims	USD	200K	198K	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.13	81.90	81.0	82.65	83.10	BEARISH
EURINR FUTURE	89.78	89.0	88.0	90.10	91.0	BULLISH
GBPINR FUTURE	102.24	101.20	100.0	102.70	103.80	BULLISH
JPYINR FUTURE	62.61	61.95	61.10	62.80	63.50	BEARISH

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