

## **KEY HEADLINES:**

The Indian rupee on Wednesday logged its worst session in a month on persistent dollar demand from importers, while minutes from the U.S. Federal Reserve's June policy meeting for cues on the future rate hike path is due later of the day. There has been a sudden demand for dollars from importers after the rupee failed to move above 81.75 levels on likely intervention from the RBI early this week.

The rupee at NSE Future 28 July ended weak by 26 paise at 82.34 against previous close of 82.08 and after make low of 82.11 and high of 82.35. The currency touched its lowest level since June 15 at 82.35. The rupee forward premiums plunged to their lowest this year at 1.64%.

The Indian rupee had risen 0.77% in June, its highest since a 1.19% appreciation in January, mostly helped by inflows into equities.

Foreign portfolio investors have bought 859.83 billion rupees (\$10.49 billion) worth of equities in fiscal 2024 so far, after offloading 1.4 trillion rupees and 376.32 billion rupees in fiscal 2022 and 2023, respectively.

The U.S. dollar held steady against other major currencies on Wednesday as traders awaited minutes later in the session from the Federal Reserve's last policy meeting to glean any potential insights on the outlook for interest rates. The dollar index - which measures the greenback against a basket of six other currencies, including the euro and Japan's yen - was basically flat on the day at 103.07, having held in a range of roughly 102.75-103.75 since early June.

A united U.S. Federal Reserve agreed to hold interest rates steady at the June meeting as a way to buy time and assess whether further rate hikes would be needed, even as the vast bulk expected they would eventually need to tighten policy further, according to meeting minutes released on Wednesday.

Markets are pricing in a 90% chance of the Fed hiking rates by 25 basis points in its July meeting, the CME FedWatch tool showed.

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
ADP Non-Farm Employment Change	USD	226K	278K	HIGH
OPEC Meetings				HIGH
ISM Services PMI	USD	51.3	50.3	HIGH
JOLTS Job Openings	USD	9.93M	10.10M	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.34	81.80	81.20	82.50	82.90	BULLISH
EURINR FUTURE	89.59	89.0	88.40	89.90	90.35	BULLISH
GBPINR FUTURE	104.43	103.40	102.60	104.55	105.10	BULLISH
JPYINR FUTURE	57.41	56.95	56.40	57.50	58.05	SIDEWAYS

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