

KEY HEADLINES:

The Indian rupee against the US dollar end higher on Wednesday recovering from sharp fall previous day thanks to likely intervene by RBI and dollar demand from importer bank added by rebound in equity market to hope that inflows likely to continue and fall in Crude oil prices.

The rupee at NSE Future 26 June. ended gain by 11 paise at 83.47 against previous close of 83.58 and after make low of 83.33 and high of 83.52. most Asian currencies slipped, with the Indonesian rupiah down 0.4% and leading losses.

Growth in India's services activity growth slowed to a 5-month low in May as robust domestic demand weakened, according to a survey, which also showed exports growing at a record pace and job creation rising to a 21-month high. The final HSBC India Services PMI, compiled by S&P Global, fell to 60.2 last month from April's 60.8, confounding a preliminary reading for a rise to 61.4. However, it remained above the 50 mark separating growth from contraction for the 34th straight month.

The U.S. dollar rose on Wednesday after data showed the services sector in the world's largest economy rebounded in May after a contraction the month before, highlighting uncertainty surrounding the expected start of the Federal Reserve's easing cycle later this year.

The Institute for Supply Management said its nonmanufacturing PMI rose to 53.8 last month from 49.4 in April. May's reading, the highest since August, overshoot estimates of all 59 economists in a Reuters poll that had pegged the median expectation at 50.8.

The Bank of Canada (BOC) cut interest rates by 25 basis points (bps) to 4.75%, its first cut in four years. The bank said more easing was likely if inflation continued to ease.

US Private payrolls increased by 152,000 jobs last month after rising by a downwardly revised 188,000 in April, the ADP Employment report showed. Economists polled by Reuters had forecast private employment increasing by 175,000 last month.

In mid-morning trading, the dollar index was up 0.3% at 104.41. It hit 103.99 on Tuesday, its lowest since April 9. The euro, the biggest component of the dollar index, turned lower after the ISM data, trading down 0.1% at \$1.0865. The dollar surged 0.9% against the yen to 156.33 yen.

The U.S. dollar posted its first monthly decline of the year in May, weighed down by shifting expectations on when the U.S. central bank will cut rates and by how much.

Investors are now looking to the ECB meeting on Thursday, in which the bank is widely expected to lower its deposit rate from a record high of 4%. Investors will also keep an eye on the RBI's monetary policy decision and the closely watched U.S. non-farm payrolls report, both due on Friday.

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.

Markets are now pricing in nearly 35 basis points of rate cuts from the Fed this year, including a 50% chance of a rate cut of at least 25 basis points in September, according to CME's FedWatch Tool.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

Main Refinancing Rate	EUR	4.25%	4.50%	HIGH
ECB Press Conference	EUR			HIGH

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.47	82.90	82.40	83.75	84.10	SIDEWAYS
EURINR FUTURE	90.57	89.80	89.50	90.80	91.30	BULLISH
GBPINR FUTURE	106.35	105.50	104.50	106.55	107.20	BULLISH
JPYINR FUTURE	53.30	53.0	52.40	53.95	54.25	BEARISH

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