

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar end at record closing low on Tuesday pressure by recovery in dollar index and fall in Asian peers added by global equity sell off route likely outflows from domestic equity market in recession fear at US against likely central bank buying at lower level to cap losses in domestic currency.

The rupee at NSE Future 28 Aug. ended gain by 22 paise at 83.96 against previous close of 84.18 and after make low of 83.84 and high of 84.96. Most Asian currencies weakened, led by the Malaysian ringgit's over 1% drop..

Concerns about a U.S. economic slowdown and the unwinding of carry trades that used the Chinese yuan to fund long bets on the rupee have pressured the local currency this week. But the Reserve Bank of India's (RBI) interventions across the non-deliverable forwards (NDF), spot over-the-counter (OTC) and futures market have kept volatility in check.

India's central bank could cut interest rates by 100 basis points in a monetary easing cycle that is likely to start in December as inflation eases towards its 4% target, a fixed income official at Bank of America, India said.

Despite the recent pressure on the rupee, the RBI's routine interventions have kept volatility expectations in check. The rupee's 1-month implied volatility is at 1.55 - 1.75%, hovering close to its lowest in nearly two decades.

The dollar recovered ground against most major peers on Tuesday and the Japanese yen steadied around 7-month highs against the U.S. currency as some of the more striking moves of recent days reversed somewhat, and a semblance of calm returned to markets.

The dollar was last at 144.28 yen, about flat on the day, after tumbling against the Japanese currency for five straight sessions. The greenback has fallen about 6% against the yen over the last five trading days.

On Monday, Fed fund futures reflected traders pricing a near 100% chance of a 50 basis point cut at the central bank's September meeting, according to CME FedWatch. Futures imply 127 basis points of cuts this year, LSEG data showed.

In cryptocurrencies, bitcoin was up 0.6% at \$54,734, rebounding from a near six-month low of \$49,445 touched on Monday.



**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Trade Balance	CNY	693B	704B	HIGH

### **Support Resistance Levels – Currency Future: ( NSE CUR - 28 Aug 24)**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.96	83.60	83.0	84.50	85.10	BULLISH
EURINR FUTURE	91.72	91.50	89.90	92.20	93.0	BULLISH
GBPINR FUTURE	106.81	106.60	105.80	107.40	108.0	BEARISH
JPYINR FUTURE	57.96	57.50	57.0	58.20	59.0	BULLISH

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