

## **KEY HEADLINES:**

The Indian rupee ended stronger on Wednesday, aided by equity-related inflows even as sustained dollar demand from local oil companies ate into some of its gains.

The rupee at NSE Future 29 Dec. ended gain by 3 paise at 83.37 against previous close of 83.40 and after make low of 83.34 and high of 83.41.

While the dollar index fell 3% in November, its biggest monthly fall in a year, amid a slump in U.S. yields, the rupee stayed on the sidelines and ended the month slightly weaker even as Asian currencies rallied. Last month, the euro rallied 3% against the dollar and hit its highest since August at more than \$1.10 as data showed U.S. inflation was cooling rapidly.

India will remain the fastest-growing major economy for at least the next three years, setting it on course to become the world's third-largest economy by 2030, S&P Global Ratings said in a report.

The U.S. dollar touched a 2-week high on Wednesday, while the euro was weak across the board as markets ramped up bets that the ECB will cut interest rates as early as March. Although markets are still pricing at least 125 basis points of interest rate cuts from the U.S. Federal Reserve next year, the dollar was able to hold steady as rate cut bets for other central banks intensified.

The dollar index , which measures the currency against six other majors, was last down 0.01% at 103.95, having touched a two-week high of 104.10 earlier. The euro was down 0.09% to \$1.0785 after hitting a three-week low. The offshore Chinese yuan fell 0.02% to \$7.1719 per dollar, a day after Moody's cut China's credit outlook to "negative".

The key data point for investors this week is the November U.S. jobs report, which is expected to show the American economy added 180,000 jobs last month, up from 150,000 in October. Euro zone retail sales data are due on Wednesday, ahead of Chinese trade figures on Thursday.

The Reserve Bank of India will also deliver its policy decision later on Friday when it is widely expected to hold rates steady.

The ECB will set interest rates on Thursday next week and is all but certain to leave them at the current record high of 4%. The Fed and Bank of England are also likely to hold

rates steady next Wednesday and Thursday respectively.

Traders have priced around a 60% chance of the U.S. central bank cutting rates in March, according to CME's FedWatch tool.

In cryptocurrencies, bitcoin eased 0.3% to \$43,943 having surged above \$44,000 earlier in the session. The world's largest cryptocurrency has gained 150% this year, fueled in part by optimism that a U.S. regulator will soon approve exchange-traded spot bitcoin funds (ETFs).

### **Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Trade Balance	CNY	392B	405B	HIGH

Unemployment Claims	USD	221K	218K	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	83.37	83.05	82.60	83.45	84.20	SIDEWAYS
EURINR FUTURE	90.05	89.90	89.35	90.85	91.75	BEARISH
GBPINR FUTURE	104.99	104.70	104.0	106.0	106.70	SIDEWAYS
JPYINR FUTURE	56.84	56.55	56.10	57.25	58.0	SIDEWAYS

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