

## **KEY HEADLINES:**

The Indian rupee logged its worst day in a month against the dollar on Thursday, while far forward premiums plunged, as minutes of the U.S. Federal Reserve's latest meeting indicated that further monetary policy tightening was likely this year.

The rupee at NSE Future 28 July ended weak by 17 paise at 82.51 against previous close of 82.34 and after make low of 82.32 and high of 82.61. The currency fell 0.35% in Thursday's session, logging its third straight day of losses. Asian currencies were mostly lower after minutes of the Fed's June policy meeting showed that most officials believed more rate hikes would be needed in 2023. The 1-year premium declined to 1.32 rupees, the lowest in more than a decade. The 1-year implied yield declined to 1.59% during the session and ended at 1.60%.

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 dollar eased after a brief rebound on Thursday as data showing the U.S. labor market remains strong increased chances the Federal Reserve will raise interest rates later this month. Private payrolls surged last month in the biggest rise since February 2022, an ADP National Employment report showed, while the number of Americans filing new claims for unemployment benefits rose moderately last week, the Labor Department said. A survey by the Institute for Supply Management (ISM) showed the U.S. services sector grew faster than expected in June as new orders picked up. The dollar index, measuring the U.S. currency against six others including the euro and Japan's yen, fell 0.145% to 103.17.

Futures markets raised the probability of the Fed hiking interest rates by 25 basis points to 92.4% when policymakers conclude a two-day meeting on July 26, the CME Group's 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
Non-Farm Employment Change	USD	224K	339K	HIGH
ECB President Lagarde Speaks				HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.51	82.10	81.80	82.65	83.10	BULLISH
EURINR FUTURE	89.86	89.10	88.40	89.90	90.35	BULLISH
GBPINR FUTURE	105.19	104.40	103.40	105.25	106.10	BULLISH
JPYINR FUTURE	57.70	57.0	56.40	57.85	58.40	BULLISH

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