

## **KEY HEADLINES:**

The Indian rupee spot against the US dollar slip towards record low on Wednesday due to on one side continue unwinding of carry trades and on other side recovery in dollar index as well dollar demand from local importers pressure rupee at higher side while rally in global as well domestic equity market and likely central bank buying at lower level to cap losses in domestic currency offer support from sharp fall in local currency.

The rupee at NSE Future 28 Aug. ended fall by 4 paise at 84.0 against previous close of 83.96 and after make low of 83.91 and high of 84.02. Spot Rupee hit consecutive record low for last 4-session hit by investors exiting carry trades that used the Chinese yuan and the Japanese yen to fund long bets on the rupee. The Japanese yen and the offshore Chinese yuan declined 2% and 0.4%, respectively, amid a mixed performance by Asian currencies.

India's central bank is widely expected to hold rates steady on Thursday, but with growing worries about the global economy investors are hoping for a more dovish tone from policymakers that could open the door for an October rate cut as per one estimates.

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 yen dropped on Wednesday after an influential BOJ official played down the chances of a near-term rate hike, soothing investors' concerns that a further jump in the Japanese currency could again rock global markets. The yen fell about 2.5% to a session low of 147.94 per dollar following the comments from BOJ Deputy Governor. The dollar was last up 1.74% at 146.850 yen.

The U.S. dollar index, rose 0.214% to 103.2, inching further above the 7-month low of 102.15 it touched on Monday. The Swiss franc, another currency that was used to fund carry trades, like the yen, was down around 1.18% to 0.862 per dollar. The euro was down 0.09% at \$1.092, below an 8-month high of \$1.101 hit on Monday as the dollar dropped. Sterling was 0.06% lower at \$1.268.

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 106 basis points of cuts this year, LSEG data showed.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
Unemployment Claims	USD	241K	249K	HIGH


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

Currency	LTP	S1	S2	R1	R2	Trend
<b>USDINR FUTURE</b>	<b>84.0</b>	<b>83.60</b>	<b>83.0</b>	<b>84.50</b>	<b>85.10</b>	<b>BULLISH</b>
<b>EURINR FUTURE</b>	<b>91.82</b>	<b>91.50</b>	<b>89.90</b>	<b>92.20</b>	<b>93.0</b>	<b>BULLISH</b>
<b>GBPINR FUTURE</b>	<b>106.83</b>	<b>106.60</b>	<b>105.80</b>	<b>107.40</b>	<b>108.0</b>	<b>BEARISH</b>
<b>JPYINR FUTURE</b>	<b>57.32</b>	<b>57.10</b>	<b>56.40</b>	<b>58.20</b>	<b>59.0</b>	<b>BULLISH</b>

Technical Research Analyst

Vibhu Ratandhara

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate.  
Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:

<https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186