

KEY HEADLINES:

The Indian rupee ended marginally higher on Monday, giving up most of the day's gains as the Chinese yuan fell and the dollar index rebounded slightly. Towards the end of the session, the local currency reversed its direction as the dollar index recouped losses and offshore Chinese yuan fell 0.6% added by dollar buying news from state-run banks. The yuan came under pressure after the China set a softer-than-expected economic growth target for 2023.

The rupee at NSE Future gain by 4 paise to end at 82.12 against previous close of 82.16 and after make low of 81.82 and high of 82.15 during the day. Earlier of the day rupee appreciated towards its best since last week of Jan but pared gains at end of the day

The historical seasonality of March month favours rupee bulls as it has gained in 7 out of the last 10 years, the average gains pegged at 0.54%.

Risk events like the Federal Reserve Chair Jerome Powell's two-day testimony to lawmakers mid-week and the U.S. jobs report on Friday could see the rupee rally be impacted for week ahead.

The dollar extended gains against a basket of currencies on Tuesday after Federal Reserve Chair Jerome Powell said that the U.S. central bank will stay the course until the job is done, adding that the ultimate level of interest rates is likely to be higher than previously anticipated. The dollar index was last up 0.70% on the day at 104.97. The euro dropped 0.64% to \$1.0615.

Powell also said that the Fed is prepared to increase the pace of rate hikes if data indicates it is warranted. That comes after the bank slowed the pace of its tightening to 25 basis points at its last two meetings, following larger hikes last year.

Fed funds futures traders raised bets that the Fed will hike rates by 50 basis points at its March 21-22 meeting to 5.6% after Powell's comments. A 25 basis points increase is now seen as a 44% probability. Traders are now pricing for the rate to peak at 5.57% in September.

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
	GBP	47.5	47.0	HIGH
ECB President Lagarde Speaks	EUR			HIGH
ADP Non-Farm Employment Change	USD	197K	106K	HGH
Fed Chair Powell Testifies	USD			HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.12	81.80	81.30	82.55	83.45	BEARISH
EURINR FUTURE	87.35	87.15	86.50	88	88.70	BEARISH
GBPINR FUTURE	98.66	98.40	97.50	99.05	100	BEARISH
JPYINR FUTURE	60.67	60.50	60	61.40	62.30	BEARISH

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Disclosure:

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