

## KEY HEADLINES:

The Indian rupee held in a tight range on Monday with intermittent dollar buying intervention by the Reserve Bank of India (RBI) limiting any upside in the domestic currency against a broadly weaker greenback.

The rupee at NSE Future 29 May ended weak by 28 paise at 81.85 against previous close of 81.83 and after make low of 81.76 and high of 81.89.

The RBI's forex reserves surged to a 10-month high of \$588.8 billion in the week ending April 28, latest data showed.

Foreign institutional investors bought shares worth 116.31 bln rupees (\$1.42 bln) in April on a net basis; \$1.7 bln over the last six sessions alone.

The dollar remained relatively weaker against most of its major peers on Monday, as traders wait for the Federal Reserve to acknowledge an end to its hiking cycle while trying to hedge the risk of potential recession. The dollar index , which measures the currency against six rivals, was down 0.1% in late morning trading at 101.21, a better showing than the one-year low of 100.78 reached last month.

Traders remain watchful of the debt ceiling impasse on Capitol Hill, with the Treasury Secretary warning the government might be unable to pay debts by June 1. The focus now shifts to U.S. inflation data due Wednesday, with economists expecting a 0.4% month-on-month increase in the core inflation rate. Fed funds futures traders are now pricing for the fed funds rate to reach 4.993 in July, and remain below that all year. The Fed's target range stands at 5% to 5.25%, having risen rapidly from 0% since March 2022. The Fed's latest rate hike could be its last while the Bank of England is expected to hike this week and further over the coming months.

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

Trade Balance	CNY	500B	600B	MEDIUM

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	81.85	81.55	81.0	82.15	82.45	BEARISH
EURINR FUTURE	90.46	89.85	89.25	90.80	91.70	SIDEWAYS
GBPINR FUTURE	103.58	102.90	102.0	103.70	104.80	BULLISH
JPYINR FUTURE	60.84	60.25	59.70	61.25	61.90	BEARISH

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