

DATE: 16-1-2023

KEY HEADLINE

The Indian rupee strengthened on Friday, posting its biggest weekly gain in two months, as benign U.S. inflation reading reinforced expectations of a smaller rate hike by the Federal Reserve next month.

The rupee finished the session at over a 1-month high of 81.3250 per dollar, versus its last close of 81.55. This was the local currency's best week since the week-ended Nov. 11, gaining about 1.7% after it broke out of a narrow trading range.

Meanwhile, rupee forward premiums rose, tracking a fall in Treasury yields. The 1-year implied yield climbed to 2.26%, its highest since November 2022.

India's foreign exchange reserves fell to \$561.58 billion in the week through Jan. 6, the RBI statistical supplement showed on Friday. For the week ended Dec. 30, the country's reserves were at \$562.85 billion, down from \$633.61 billion at the end of 2021.

The dollar tumbled to a nearly 9-month low against the euro after data showed U.S. inflation was easing, prompting bets that the Federal Reserve will be less aggressive with rate hikes going forward.

Currency pair

Currencies	9/1/2023	13/1/2023	Change (%)
USDINR	82.50	81.45	-1.30
EURINR	87.85	88.25	0.50
GBPINR	99.71	99.48	-0.20
JPYINR	62.48	63.52	1.70

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USDINR

RECOMMENDATION: SELL BELOW 83.35 SL 81.60 TARGET 80.70

EURINR

RECOMMENDATION: BUY ABOVE 88.50 SL 88 TARGET 89.40

GBPINR

RECOMMENDATION: SELL BELOW 99.20 SL 99.75 TARGET 98.30

JPYINR

RECOMMENDATION: BUY ABOVE 63.65 SL 63.10 TARGET 64.60

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