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KEY HEADLINE

The Indian rupee closed down on Friday, recording its worst week in 9-weeks, pulled down by a strong dollar on the back of a hawkish U.S. Federal Reserve and hopes of a breakthrough in U.S. debt ceiling talks.

At the NSE Future May 29 contract, the rupee fall by 15 paise to closed at 82.74 against the previous close of 82.59 and made low of 82.64 and high of 82.81 during the day. The local currency hit its lowest level since March 16 at 82.81 earlier in the session and for the week, the rupee ended down 0.6%.

India's foreign exchange reserves rose for a 3rd consecutive week and stood at \$599.53 billion for the week ended May 12, their highest level since early June, the Reserve Bank of India's (RBI) statistical supplement showed on Friday. That is an increase of \$3.55 billion from the previous week. Reserves had risen by a total of \$11.7 billion in the prior two weeks.

India will start withdrawing its highest value currency notes if Rs. 2000 from circulation, the central bank said on Friday.

The dollar fell on Friday after Federal Reserve Chair Jerome Powell struck a moderately dovish stance, contrary to market expectations, saying that given how credit conditions have tightened, the U.S. central bank may not need to raise interest rates as much. A pause in negotiations to raise the federal government's \$31.4 trillion debt ceiling also pressured the dollar. The dollar index fell 0.4% to 103.08, after hitting seven-week peaks the previous session. On the week, the dollar posted a 0.6% gain.

Currency pair

Currencies	15/5/2023	19/5/2023	Change (%)
USDINR	82.23	82.74	0.60
EURINR	89.53	89.36	-0.20
GBPINR	102.55	102.83	0.30
JPYINR	60.94	59.92	-2.0

USDINR

RECOMMENDATION: BUY ABOVE 82.80 SL 82.60 TARGET 83.30

EURINR

RECOMMENDATION: BUY ABOVE 89.40 SL 89.10 TARGET 90

GBPINR

RECOMMENDATION: BUY ABOVE 102.90 SL 102.50 TARGET 103.80

JPYINR

RECOMMENDATION: SELL BELOW 59.85 SL 60.10 TARGET 59.30

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