

DATE: 6-2-2023

## KEY HEADLINE

The Indian rupee gained on Friday but finished the week down near 82 per U.S. dollar on foreign equity flows likely fuelled by a selloff in Adani Group shares.

On Friday, the partially convertible rupee ended up 0.42% at 81.8275 per dollar, having declined up to 82.31, as Indian equities surged late in the session. However, the currency was down 0.37% for the week, having traded on the weaker side of 82 for the most part. The 1-year USD/INR forward implied yield declined up to 2.22% on Friday, adding to the 10-basis-point (bps) fall in the previous session. The unit was also among the worst-performing Asian emerging market currencies over the period, with only the Thai baht weakening further, at around 0.5%.

Investors now look to the RBI monetary policy committee meeting decision on Feb. 8, with a 25 bps increase widely expected.

Foreign investors sold about \$374 million worth of Indian equities on Thursday, according to preliminary data. That is on top of the \$3.5 billion worth of withdrawals in January.

The dollar jumped on Friday after data showed that U.S. employers added significantly more jobs in January than economists expected, potentially giving the Federal Reserve more leeway to keep hiking interest rates.

U.S. job growth accelerated sharply in January while the unemployment rate hit more than a 53-1/2-year low of 3.4%, pointing to a stubbornly tight labor market, and a potential headache for Federal Reserve officials as they fight inflation.

## Currency pair

Currencies	30/1/2023	3/2/2023	Change (%)
USDINR	81.71	82.01	<b>0.40</b>
EURINR	89.01	89.70	<b>0.90</b>
GBPINR	101.19	100.49	<b>-0.70</b>
JPYINR	63.15	64.05	<b>1.50</b>

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# USDINR

**RECOMMENDATION: SELL BELOW 81.85 SL 82.15 TARGET 81.20**

# EURINR

**RECOMMENDATION: BUY ABOVE 89.90 SL 89.50 TARGET 90.70**

# GBPINR

**RECOMMENDATION: SELL BELOW 100.20 SL 100.65 TARGET 99.30**

# JPYINR

**RECOMMENDATION: BUY ABOVE 64.30 SL 63.85 TARGET 65.20**

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