



# FX DAILY DOSSIER

February 21, 2024

## INR CURRENCIES PAIRS

PAIR	TREND	RANGE
USDINR	Mild Bearish	82.77 - 83.00
EURINR	Bullish	89.40 - 89.82
GBPINR	Mild Bullish	104.48 - 105.00
JPYINR	Mild Bearish	55.15 - 55.50

## KEY EVENTS TO WATCH

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### Fed's January Meeting Minutes Likely To Keep The Fed Into Hawkish Club ; DXY May Rally While Rupee's Range bound Trend Will Continues:

The Fed's January meeting minutes, due tonight will provide more insight into their plans for interest rates. Recent higher-than-expected inflation has raised concerns that the Fed may delay or reduce rate cuts this year.

Interest-rate futures suggest a greater than 50% chance of rate cuts starting by June, with expectations of at least three cuts by year-end. The 10-year U.S. Treasury yield has risen to 4.29% in February, indicating reduced expectations for aggressive rate cuts.

Earlier the market expects at least five or six interest rate cuts by the Federal Reserve by 2024 but now reduced to three cuts as per Fed's latest dot plot.

Apparently the timing and extent of these cuts are uncertain. Last month, the U.S. Federal Reserve kept its target rate at a level matching a 23-year high.

As the dollar index retreated to early February's low of 103.90 from 104.40 could be short-lived. After the Fed meeting minutes outcome, we may DXY to recover while INR move is still under range bound with a typical range between 82.90 to 83.05 as well.

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# FX DAILY DOSSIER

February 14, 2024

## INR CURRENCIES PAIRS

PAIR	TREND	RANGE
USDINR	Sideways	83.00 - 83.15
EURINR	Bearish	88.75 - 89.75
GBPINR	Mild bearish	104.44 - 104.88
JPYINR	Bearish	55.00 - 55.35

## KEY EVENTS TO WATCH

**UK CPI @ 12:30 IST**

**BOE Gov Bailey Speaks @ 20:30 IST**

The Dollar Index Surged To Three-Month High After Fed Rate Cuts Diminished In Near Term ; Rupee's Downside Still Limited :

The dollar index surged to nearly three month high after hotter-than-expected US CPI report, with the headline figure rising to 3.1% against an expected 2.9%, and core CPI reaching 3.9% versus the 3.7% forecast for January.

The benchmark 10-year treasury note yield settled at 4.315%, up from 4.170% on Monday, while the 2-year Treasury note rose to 4.654%. DXY hit 104.70, and the rupee is set to open near 83.10 to a dollar. Global equities experienced a sell-off, with key US benchmark equity indices plunging more than a percent.

Futures are now pricing in an 8.5% chance of a Fed rate cut at its March meeting, down from 16% on Monday, according to the CME FedWatch tool. The probability of a cut in May is about 36%, down from 52% previously - case for a stronger dollar.

Apparently the trend for the Dollar Index is expected to remain bullish, but a substantial downside in the rupee is not anticipated. The domestic unit may find support around the 83.15 - 83.20 zone in the coming days.

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