



FX DAILY DOSSIER

February 16, 2024

INR CURRENCIES PAIRS

PAIR	TREND	RANGE
USDINR	Sideways	82.95 - 83.16
EURINR	Sideways	89.15 - 89.55
GBPINR	Mild Bearish	104.30 - 104.75
JPYINR	Mild Bearish	55.13 - 55.50

KEY EVENTS TO WATCH

UK Retail Sales m/m
@ 12:30 IST

USDINR: Rupee set to face yet another narrow trading session despite rising volatility in the global markets.

Push and pull factors continue to keep the pair in a tight range. Rising oil prices are somehow getting offset by the improvement in the trade deficit figures.

For the day, 82.93 could act as a vital support for the dollar/rupee pair along with multiple resistances above 83.00 as well.

EURINR: Euro edged lower in Asia after briefly rebounded from its critical support of \$1.07. A soft dollar mode helped euro to manage the support.

Yesterday widely expected US retail sales posted a decline of 0.8% in January. Futures are fully pricing a 25 bps cut in June FOMC.

Key support for the EURINR stands at 88.90 - 89.00. A break below could add more downside pressure towards 87.50 in coming days.

GBPINR: Pound slightly recovered from its yesterday's disappointed Q4 2023 growth figure which put the UK into a shallow recession.

Futures are pricing in that BoE will step in for first cut in June as inflation still way above the pre-pandemic average level.

Technical bias still remains negative for the GBPINR with key day resistance at around 104.80 followed by support at 104.40 as well.

JPYINR: The yen caught some respite from the dollar's retreat and. It gained 0.4% overnight to move away from the critically watched 150 level that could invite possible Japanese intervention. Treasuries recovered some of the losses from the hotter-than-expected CPI figures earlier in the week. The yield on benchmark 10-year notes was little changed at 4.2496%, after slipping 3 basis points overnight. It was still up 6 basis points for the week.

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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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