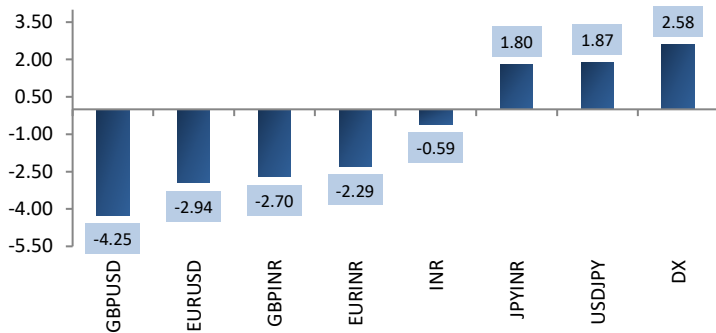


Currencies Monthly Performance - Sep'23



Source: Refinitiv; Angel Currencies

Global Highlights

- World Bank slashes 2023 growth forecast for Asia and Pacific to 5%
- ECB's Villeroy: Patience is more important than raising rates further
- G20 Summit: RBI to launch wholesale CBDC for call market by Oct

Monthly Performance - Currencies

Indian Rupee

The entire month of Sep'23 saw a positive trend in Indian Rupee on account of suspected inflows into the system. In a recent discussion, it was mentioned that the Indian government bonds will become part of the JPMorgan Chase & Co.'s emerging markets bond index. The inclusion will happen in a staggered manner over 10 months between 28th Jun'24 and 31st Mar'25, it said. Currently, 23 Indian government bonds with a combined notional value of over \$30 billion are eligible for inclusion. Apart from this, heavy RBI intervention into the system also led to mute performance of Rupee.

Outlook - USDINR spot (CMP: 83.25) shall surge towards 83.80 levels in Oct'23.

Euro

In Sep'23, both EURUSD and EURINR plunged by more than 2 percent on account of sudden surge in DXY and US treasury yields post the Fed Policy. As expected, the US Federal Reserve kept interest rates unchanged at 5.25%- 5.50%. Still, it surprised the market with its projections to keep rates at 5.1% for 2024 (revised from 4.6%) and virtually sent a message that it will keep rates at restrictive levels for a longer time. Moreover, in the ECB Monetary Policy the committee hiked interest rates by 25 basis points after the Governing Council's assessment of the inflation outlook considering the incoming economic and financial data. According to the policy statement, inflation continued to decline but is still expected to remain high for too long. The September ECB staff macroeconomic projections for the Euro Area see average inflation at 5.6% in 2023, 3.2% in 2024 and 2.1% in 2025. This is an upward revision for 2023 and 2024 and a downward revision for 2025. The upward revision for 2023 and 2024 mainly reflects a higher path for energy prices. Post the

policy release, the Euro currency took a hit and dived south as markets now speculate that the committee is likely done with tightening policy. There could be a long pause in ECB rate hikes for the coming months with plausible rate cuts in the second half of 2024.

Outlook - EURINR spot (CMP: 87.72) is likely to trade lower towards 85.40-mark in Oct'23.

Sterling Pound

In Sep'23, both GBPUSD and GBPINR traded lower by 4.25 percent and 2.70 percent respectively owing to higher DXY. The Bank of England has decided to pause its series of interest rate increases due to a slowdown in the British economy. Despite a recent fall in inflation, the bank is not taking it for granted. The Monetary Policy Committee voted 5-4 to keep the Bank Rate at 5.25%. The bank also cut its forecast for economic growth and noted weakness in the housing market. The decision to pause rate hikes follows the US Federal Reserve's decision to keep borrowing costs on hold, while the European Central Bank.

Outlook - GBPINR spot (CMP: 101.53) is likely to trade lower towards 100.10-mark in Oct'23.

Japanese Yen

In Sep'23, the Japanese Yen weakened sharply. Apparently, the BoJ has kept the interest rates at rock-bottom levels while the Federal Reserve and other central banks are conducting outsized rate hikes. The US Feds have hiked rates around 10 times since 2022 alone which has made the dollar denominated assets more attractive for investors. Global investors usually flock to a country's currency where a central bank is raising rates, in the hope of a higher yield on their investments, thus shunning currencies (like the yen) where rates are still very low. The US treasury yields have climbed on expectations of further rate hikes while the BOJ has kept a 0.25% cap on Japan's 10-year government bond yield.

Outlook - JPYINR spot (CMP: 55.57) is likely to trade lower towards 54-mark in Oct'23.

Monthly Trend Deciding levels (Oct'23)

CURRENCY	S1	S2	R1	R2
USDINR	82.20	81.60	83.50	84.60
EURINR	86.50	85.40	89.60	90.70
GBPINR	100.10	99.10	103.00	104.50
JPYINR	55.30	54.20	57.00	58.50

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