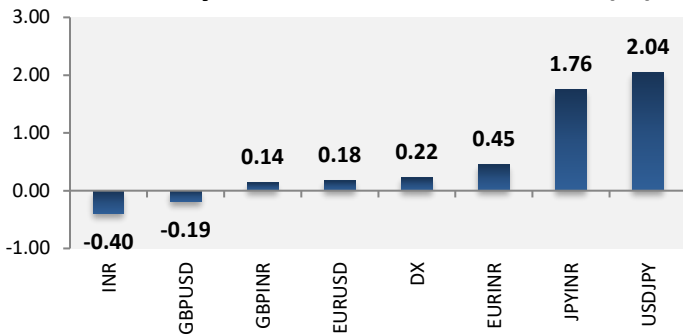


## Weekly Currencies Performance (%)



Source: Refinitiv; Angel Currencies

### Key Highlights

- US to push debt relief, Ukraine aid at G20 finance meeting in India
- Dollar rises to new multi-week high, signaling bullish continuation
- India's forex reserves post biggest weekly fall in 10 months

### Weekly Currency Performance & Outlook

#### USDINR

Last week, the Indian Rupee traded in an upside-down manner with bias towards downside tracking the fall in Asian markets after stubbornly high U.S. inflation suggested interest rates are going to remain high for longer than investors had expected. Headline CPI was 0.5% in January mostly due to higher rental and food costs. Moreover, the December U.S. jobs report has prompted investors to reassess terminal rate expectations and the quantum of rate cuts the Fed will deliver later this year, lifting U.S. yields and the dollar. Futures are now pricing in a peak rate of 5.18% and about 25 basis points (bps) of rate cuts this year. Before the U.S. jobs report, the peak rate was about 25 bps lower and around 50 bps of rate cuts were expected. However, sharp losses were capped on back of persistent intervention done by the RBI along with corporate dollar selling which kept the local unit in a stable range.

**USDINR SPOT (CMP: 82.83) is likely to trade higher towards the 83.50 mark.**

#### EURINR

Last week, both EURUSD and EURINR traded higher after the European Commission released the quarterly Economic Growth Forecasts report. Economic growth in the Euro Zone has been upwardly revised, now seen at 0.9%. Additionally, inflation forecasts have been downwardly revised to 5.6% for this year and

2.5% in 2024. ECB Governing Council member Gabriel Makhoul said that the ECB could raise rates above 3.5% and hold them there for the remainder of the year. However, sharp gains were restricted owing to huge surge seen in the DXY. Also, Eurozone Industrial Production contracted 1.7% y/y in December, while the Trade Balance in the same month posted a deficit of €18.1 billion. This dented the sentiments further.

**EURINR SPOT (CMP: 88.49) is likely to trade lower towards 87.50 levels.**

#### GBPINR

Last week, the Sterling Pound traded lower as a sharper than expected slowdown in UK inflation eased the pressure on the Bank of England to keep raising interest rates. UK reported that the annual CPI rose by 10.1% in January, easing from 10.5% in December, while core CPI was up 5.8% on a yearly basis from 6.3% previously. However, sharp losses were capped after the hawkish comments from BoE policymaker Catherine Mann and optimistic forecasts for the UK's economy. Apparently, the Bank of England policy maker Catherine Mann has urged her fellow rate-setters to "stay the course" to carry on raising interest rates even though markets are betting on the approaching end of the most aggressive hiking cycle in three decades.

**GBPINR SPOT (CMP: 99.59) is likely to trade lower towards 98.20 levels.**

### Weekly Trend Deciding Levels

CURRENCY	S2	S1	R1	R2
USDINR Feb	81.50	82.10	83.50	84.20
EURINR Feb	86.40	87.20	88.90	89.70
GBRINR Feb	97.30	98.00	99.80	100.60
JPYINR Feb	60.00	60.70	62.20	63.00

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