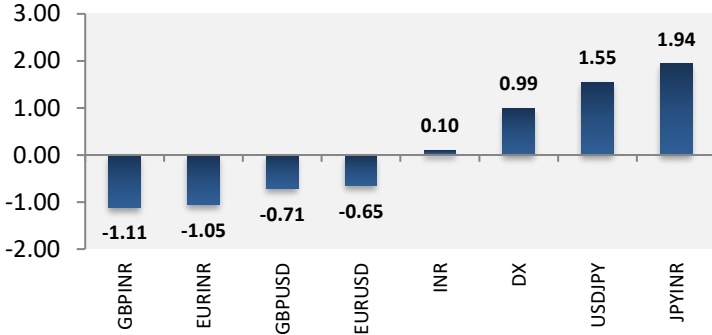


Weekly Currencies Performance (%)



Source: Refinitiv; Angel Currencies

Key Highlights

- Germany falls into recession as inflation hits economy
- India's forex reserves dip \$6.1 billion to \$593.48 billion
- Dollar eyes third weekly gain on higher US rate expectations

Weekly Currency Performance & Outlook

USDINR

Last week, the Indian Rupee mostly had an appreciating trend on account of Adani related inflows into the system along with persistent RBI intervention into the markets. However, there were bouts of weakness in the local unit which later was curbed. Weakness was mostly due to worries over the U.S. debt ceiling that boosted the demand for safe-haven dollar. Both DXY and U.S. yields surged sharply. Fitch had put the United States' "AAA" debt ratings on negative watch in a precursor to a possible downgrade should lawmakers fail to raise the amount. Apart from this, the increasing probability of another Federal Reserve rate hike next month added to the woes.

USDINR SPOT (CMP: 82.57) is likely to surge towards 83.20 mark.

EURINR

Last week, both EURUSD and EURINR fell sharply after a data showed that persistent inflation helped push Germany into recession in the first three months of the year. Europe's largest economy was also badly affected when Russian gas supplies dried up after the invasion of Ukraine. The economy contracted by 0.3% between January and March. Moreover, the ECB Chief President Lagarde mentioned that they are not pausing, while board member Isabel Schnabel explained that interest rates need

to be increased to sufficiently restrictive levels. In addition, the US Dollar Index ascends on safe-haven appeal and reduced expectations of Fed rate cuts. Fed's Kashkari made some additional surprise comments that rates needed to stay higher for longer and more data was needed to convince the Fed that inflation was on the right track.

EURINR SPOT (CMP: 88.59) is likely to trade lower towards 87.80 levels.

GBPINR

Last week, both GBPUSD and GBPINR plunged sharply due to a wobbling Chinese Renminbi and the prospect of a sharp fall in the UK inflation rate in the coming week. Sterling is known to be sensitive to the Renminbi but has also had domestic headwinds to contend with in signs of a deteriorating domestic labor market and uncertainty about the likely outcome of next Wednesday's inflation report. In addition, higher DXY added to Pound's woes.

GBPINR SPOT (CMP: 102.00) is likely to trade lower towards 101.40 levels.

Weekly Trend Deciding Levels

CURRENCY	S2	S1	R1	R2
USDINR Jun	81.60	82.20	83.40	84.00
EURINR Jun	87.40	88.20	89.80	90.60
GBRINR Jun	100.60	101.40	103.00	103.80
JPYINR Jun	58.40	59.00	60.50	61.30

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