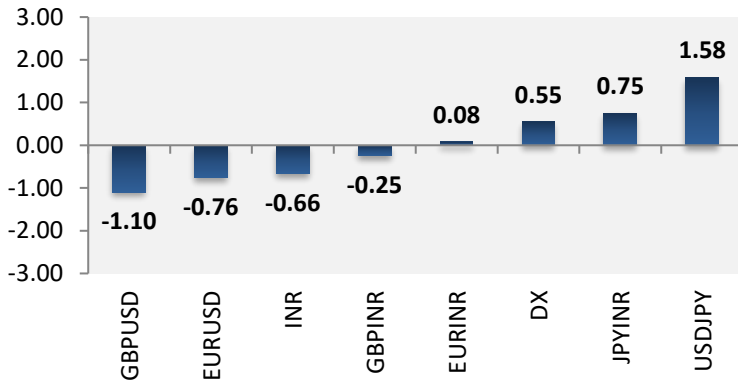


Weekly Currencies Performance (%)



Source: Refinitiv; Angel Currencies

Key Highlights

- India's forex reserves rise by \$6.40 billion to \$642.50 billion
- Bank of England keeps key interest rate steady at 5.25%
- Japan CPI accelerates in Feb'24 snapping three months of declines

Weekly Currency Performance & Outlook

USDINR

In the last week, the Indian Rupee weakened by 0.66 percent on account of probable demand for year-end dollars by importers and banks. Also, the bullish trend in the US Dollar Index also added to the woes. Atlanta's Fed President Raphael Bostic projected one rate cut in 2024 if the US central bank embarks on slashing borrowing costs. Echoing some of his comments was Lisa Cook, with both adopting a cautious approach, emphasizing that easing policy prematurely could entrench inflation. On the dovish side, Chicago's Fed Austan Goolsbee still sees three cuts in 2024, adding that they need to see evidence of inflationary declines.

USDINR SPOT (CMP: 83.42) is likely to trade higher towards 83.80 levels in the week ahead.

EURINR

Last week, both EURUSD and EURINR plunged by almost 0.76 percent to 0.08 percent respectively as weaker economic growth and a faster pace of deflation in the European Union could likely force the European Central Bank to cut rates more aggressively than the Federal Reserve. The deceleration in European inflation will happen faster and from a lower starting pace than US inflation paving the way for the ECB to "signal a faster pace of cuts than currently implied." Bets on an ECB rate cut as soon as

June were boosted on Wednesday, following the surprise move by the Swiss National Bank to lower its benchmark rate.

EURINR SPOT (CMP: 90.31) is likely to trade lower towards 89.40-mark in the week ahead.

GBPINR

Last week, both GBPUUSD and GBPINR plunged by almost 1.10 percent and 0.25 percent respectively post the BoE policy. Two of the Bank of England's most ardent hawks withdrew their support for interest rate hikes, as the UK's central bank voted for a fifth-straight meeting to keep policy unchanged. This meant that the BOE was edging toward easing policy later this year. The vote represented the first time since September 2021 that no member of the panel had supported an increase.

GBPINR SPOT (CMP: 105.32) is likely to trade lower towards 104.506-mark in the week ahead.

Weekly Trend Deciding Levels

(Mar'24)

CURRENCY	S2	S1	R1	R2
USDINR	82.10	82.40	84.00	84.30
EURINR	89.00	89.80	91.40	92.10
GBRINR	103.80	104.50	106.00	106.80
JPYINR	54.50	55.00	56.40	56.90

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