



FX DAILY DOSSIER

February 13, 2024

INR CURRENCIES PAIRS

PAIR	TREND	RANGE
USDINR	Sideways	82.94 - 83.05
EURINR	Mild bearish	89.20 - 89.50
GBPINR	Mild bearish	104.40 - 104.95
JPYINR	Bearish	55.38 - 55.72

KEY EVENTS TO WATCH

US CPI DATA @ 19:00 IST

The Dollar Index May Rally After CPI's Print While Rupee's Downside Looks Limited:

January's US data may indicate slowing inflation, potentially prompting the Federal Reserve to cut interest rates. Predictions suggest the Consumer Price Index could fall to 2.9% from December's 3.4%, while core prices may rise by 3.7%.

A recent New York Fed report shows that medium-term inflation expectations are at their lowest since 2013, boosting markets confidence.

However, there's disagreement among Fed officials: Michelle Bowman sees the current interest rate as suitable,

but Thomas Barkin believes inflation hasn't hit its target.

Apparently recent positive economic data from the U.S including blockbuster January's job data dented expectations for a Fed rate cut.

Markets foresee an 84.5% chance of rates staying steady in March, and the likelihood of a rate cut in May has dropped from over 95% to 61% according to the CME FedWatch Tool.

We think the dollar index has scope to rally towards 104.70 from the present level of 104.00 after the CPI release based on elevated core-inflation metrics. In contrast the downside to the rupee looks limited in the near term.

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FX DAILY DOSSIER

February 12, 2024

INR CURRENCIES PAIRS

PAIR	TREND	RANGE
USDINR	SIDEWAYS	82.95 - 83.09
EURINR	MILD BEARISH	89.25 - 89.65
GBPINR	MILD BULLISH	104.65 - 105.20
JPYINR	SIDEWAYS	55.50 - 55.80

KEY EVENTS TO WATCH

**BOE Gov Bailey Speaks
@ 23:30 IST**

Japan Bank Holiday

USDINR: The rupee is expected to open flat around 83.00 but could face downward pressure later due to Mideast tensions and rising U.S. yields.

Key to watch India's and U.S CPI this week. US CPI due out tomorrow will shape up the USDINR moves. Apparently USDINR is likely to face multiple resistances at 83.09 followed by 83.20 ahead of CPI releases.

EURINR: Euro slightly trading higher but still below 1.08 to a dollar. However EURINR still trading under pressure below 90.00 as well. Tomorrow's US CPI will be pivotal for euro as U.S economic data are highly supportive for dollar over euro. Apparently expectations for the US CPI remains favorable for the dollar. Speculative dollar longs increases in G10 currencies space.

GBPINR: Pound remains steady against dollar in Asia supported by BoE's modest hawkish stance on rates outlook. One of the BoE policymakers recently said that he is cautiously optimistic about easing inflation pressures. Pound still remain the top performer in G10 against dollar. Markets await the US CPI numbers to assess the move.

JPYINR: Rising yields put yen under deep pressure. Yen down by 6% against dollar this year. Ahead of US CPI a small recovery in the yen likely to be short-lived. Technical resistance for the day is likely to be observed at around 55.85 as well.

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