

**RESEARCH****BOB ECONOMICS RESEARCH | CURRENCY UPDATE**

Fortnightly forex review

**SUMMARY****INDIA ECONOMICS: CURRENCY UPDATE**

INR depreciated by 0.6% in Jun'25, as escalating tensions in the Middle East and the resulting hike in oil prices dented investor sentiments. However, after an initial shock, the global currency market seems to have stabilised, with investors expecting a cease-fire deal to be put in place soon. Iran has already indicated that it is ready for negotiations. INR too has stabilised, but bouts of volatility can be expected tracking the evolving situation. Strong domestic macros along with robust external buffers are likely to prevent any sharp depreciation in the INR. We expect INR to trade in the range of 85.25-86.25/\$ in the near-term. Risks remain from a significant escalation in geo-political tensions as well as adverse US tariff newscast.

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## CURRENCY UPDATE

17 June 2025

## Fortnightly forex review

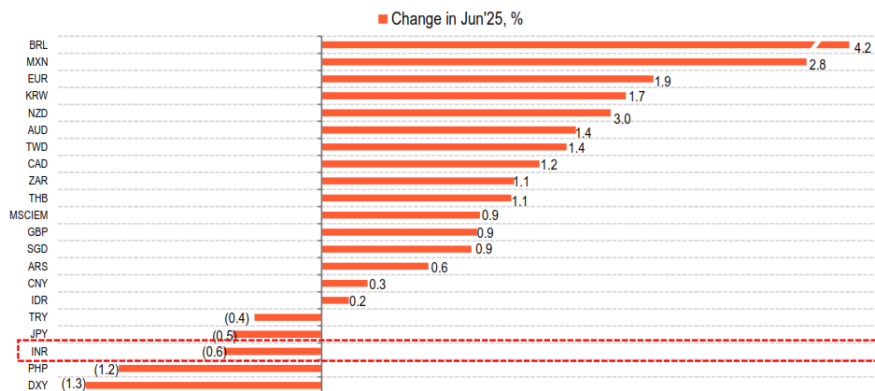
INR depreciated by 0.6% in Jun'25, as escalating tensions in the Middle East and the resulting hike in oil prices dented investor sentiments. However, after an initial shock, the global currency market seems to have stabilised, with investors expecting a cease-fire deal to be put in place soon. Iran has already indicated that it is ready for negotiations. INR too has stabilised, but bouts of volatility can be expected tracking the evolving situation. Strong domestic macros along with robust external buffers are likely to prevent any sharp depreciation in the INR. We expect INR to trade in the range of 85.25-86.25/\$ in the near-term. Risks remain from a significant escalation in geo-political tensions as well as adverse US tariff newscast.

**Aditi Gupta**  
Economist

## Movement in global currencies:

Global currencies majorly appreciated in Jun'25. This was at the cost of the dollar, which declined by 1.3%. US data, particularly inflation and labour market, indicated that despite tariff driven uncertainty, underlying price pressures in the economy remain contained, even as labour market continues to hint at mixed trends. As a result, investors have ramped up expectations of Fed rate cuts in the latter part of the year, which weighed on DXY. The probability of a rate cut in Sep'25 stands at ~60% currently, compared with ~50% a month earlier. Amongst major currencies, EM currencies such as Brazilian Rial (BRL), Mexican Peso (MXN) and Korean Won (KRW) posted significant gains. The euro (EUR) also strengthened by close to 2%, to climb a 4-year high against the dollar, before retracting in the last couple of days.

Figure 1: Movement in global currencies in Jun'25



Source: Bloomberg, Bank of Baroda Research | Note: Data as of 16 Jun 2025 | Figures in brackets denote depreciation against the dollar



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