

Rupee rises 6 paise to close at 83.04 against US dollar

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At the interbank foreign exchange market, the rupee opened at 83.11 against the greenback. The unit hit an intraday low of 83.12 and a high of 83.01.

The rupee appreciated 6 paise to 83.04 (provisional) against the US dollar on Wednesday, supported by a firm trend in domestic equities.

Market participants remained cautious ahead of the interim Budget, scheduled to be presented on February 1, traders said, adding that a strengthening American currency in the overseas market also capped the sharp gain in the local unit.

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The local unit finally settled at 83.04 (provisional) against the dollar, higher by 6 paise from its previous close.

"The Indian rupee gained on Wednesday on positive domestic markets and expectations of fresh FII inflows.

"We expect the rupee to trade with a slight negative bias on the strong Dollar on expectations that the US Federal Reserve will keep its monetary policy unchanged and declining odds of a rate cut in March 2024," Anuj Choudhary Research Analyst, Sharekhan by BNP Paribas, said.

Rising global crude oil prices may also weigh on the domestic currency. However, a surge in domestic markets and expectations of fresh foreign inflows may support the rupee at lower levels, Choudhary added.

Traders may take cues from India's fiscal deficit, US ADP non-farm employment data and Chicago PMI data. Investors may remain cautious ahead of the US Federal Open Market Committee (FOMC) meeting and the Union Budget (Vote on Account).

"Investors will watch out for Fed Chair Jerome Powell's speech for cues on rate cut timing. USD/INR spot price is expected to trade in a range of ₹82.80 to ₹83.40," Choudhary said.

Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.10 per cent higher at 103.49.

Brent crude futures, the global oil benchmark, fell 1.03 per cent to \$82.02 per barrel.

On the domestic equity market front, Sensex advanced 612.21 points, or 0.86 per cent, to 71,752.11 points. The Nifty rose 203.60 points, or 0.95 per cent, to 21,725.70 points.

Foreign Institutional Investors (FIIs) were net sellers in the capital markets on Tuesday as they offloaded shares worth ₹1,970.52 crore, according to exchange data.