

Rupee depreciates in August on weak yuan

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The rupee depreciated by 0.6 per cent, or 54 paise, in August on the back of stronger dollar and weakening Chinese yuan, dealers said.

The dollar index rose 2.4 per cent in August. The local

currency had hit an all-time low closing level of 83.15 per US dollar on August 17.

The Indian unit had depreciated by 0.3 per cent in July. It has fallen by 0.1 per cent in the current calendar year. However, it appreciated by almost 0.1 per cent in the first six months of this calendar year

on the back of strong foreign inflows.

The rupee, which settled at 82.79 per US dollar on Thursday, is expected to remain in a range of 82.60 a dollar to 82.90 a dollar.

“The rupee depreciated in August primarily because of strength in the dollar index, as well as uptick in the US

bond yields,” said Anindya Banerjee, vice president of currency & interest rate derivatives at Kotak Securities.

However, the Reserve Bank of India’s (RBI) timely intervention kept the rupee afloat, the dealers said.

The RBI intervened in the foreign exchange market through dollar sales to pro-

tect the rupee from further depreciation. Moreover, commercial banks wound up their positions in the non-deliverable forward market, and refrained from taking fresh positions followed by the speculated direction from the RBI, which further aided the Indian unit.

₹VS\$ (In inverted scale)

