

₹ comparatively stable in FY27, so far

The local currency depreciated 9.9% in FY26; in comparison it has depreciated only 1.1% this year

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Mumbai, 30 September

After remaining under pressure in financial year 2025-26 (FY26) and witnessing a 9.9 per cent depreciation, the rupee has stayed comparatively stable in the first half (H1) of FY27, depreciating just 1.1 per cent, on the back of both regulatory interventions and measures to attract foreign capital. These steps were announced after the Indian unit fell 4 per cent in March after the West Asia conflict broke out.

On the other hand, the yield on the benchmark 10-year government bond has risen by around 13 basis points (bps) during the same period.

The local currency settled at 95.83 per dollar on Wednesday, against 95.99 per dollar at the previous close. The rupee was one of the weakest performers among major Asian currencies during H1FY27. The Indonesian rupiah, which has depreciated 4.8 per cent, the Philippine peso, down 3.1 per cent, and the Thai baht, down 2.7 per cent, have fared worse. The Malaysian ringgit, Bangladesh taka, and Hong Kong dollar also depreciated, but by less than 1 per cent.

Despite the relatively lower depreciation in H1FY27, the rupee remains weaker on a broader basis, having depreciated 6.2 per cent in the first nine months of calendar year 2026 (CY26) and 7.3 per cent year-on-year (Y-o-Y).

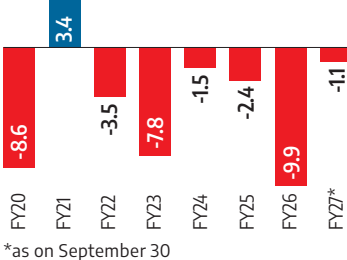
Brent crude touched nearly \$108 a barrel this week as uncertainty over efforts to end the US-

A snapshot

Rupee's performance in April-Sep period confirms the long-term trend that the currency remains relatively stable after any sharp fall. In the past 10 years, the average depreciation of the currency was 3.4%. In FY26, it fell 10%. The local currency is likely to remain relatively stable in FY27, barring any major shock



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Iran conflict continued. India imports nearly 90 per cent of its crude oil requirement, making the currency sensitive to movements in global oil prices.

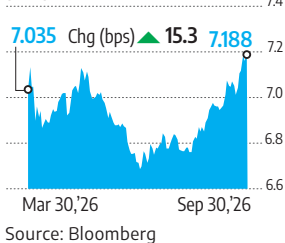
Foreign investors have also remained sellers of Indian assets in September, while the US 10-year Treasury yield has risen above 5 per cent, keeping the dollar firm.

The Reserve Bank of India (RBI) has intervened in the foreign

Major Asian currencies against US \$		
	Change % FYTD	1-day
Indonesian rupiah	-4.77	0.49
Philippines peso	-3.05	-0.12
Thai baht	-2.73	0.01
Indian rupee	-1.06	0.16
Japanese yen	1.13	0.22
China renminbi	2.84	0.05
South Korean won	11.89	-0.23

FYTD: Financial year-to-date

India 10-year G-sec bond yield (in %)



exchange market to contain volatility, with state-run banks selling dollars on its behalf, particularly around the 96-per-dollar level, dealers said. The rupee breached the 96-per-dollar level in July and briefly crossed it again on Tuesday before recovering.

"The highlights for the six-month period were the RBI's special measures and crude oil. The measures were helpful for the

bonds but little for the rupee, and geopolitical condition had continued to put pressure. Now that the global yields have inched up, and rate-tightening by the RBI is also being talked about, bonds could stay under pressure in the near term, while the rupee will largely depend on crude oil and on how long the central bank keeps supplying dollars around the 96 mark," said the treasury head at a private bank.

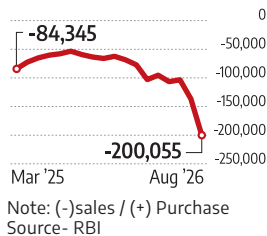
In June, the RBI opened a special dollar-rupee swap facility for fresh three- to five-year FCNR(B) deposits, along with swap windows for external commercial borrowings (ECBs) and overseas foreign-currency borrowings. The measures allowed banks to sell dollars raised through such deposits to the RBI and buy them back at maturity at the same rate, reducing their hedging costs and allowing them to offer higher rates to non-resident Indians. In the bond market, the benchmark 10-year yield has remained around 7.15 per cent in recent sessions. It settled at 7.17 per cent on Wednesday.

Market participants are now focused on the RBI's October monetary policy meet for further cues. "The bonds have been under selling pressure because of rate hike expectations, oil at \$108 per barrel, and US yields above 5 per cent. There was a brief rally driven by RBI measures and a temporary softening of crude oil prices. However, subsequent positioning ahead of an expected rate hike cut the rally short," said a senior executive at a primary dealership.

RBI net short fwd book swells to record \$200 bn

FCNR(B) boost

Outstanding net forward position (\$ mn)



The RBI's outstanding net short dollar position in the forward book surged to a record \$200.06 billion at August-end from \$136.77 billion at July-end, data released by the central bank on Monday showed.

Short positions with a maturity of less than one year rose to \$55.15 billion at the end of August from \$47.66 billion in July, while positions with a maturity of more than one year nearly doubled to \$176.57 billion from \$91.54 billion. At the same time, the RBI's long dollar positions increased to \$31.66 billion at August-end from \$2.43 billion at July-end. All of these positions mature within one month.

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