

₹ gains 23 paise to end at 79.02 against US dollar

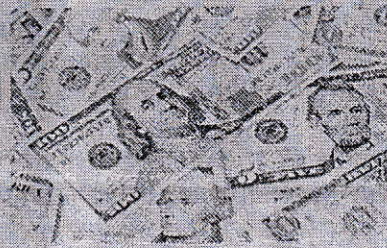
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The rupee appreciated by 23 paise to close at 79.02 (provisional) against US dollars on firm domestic equities, amid foreign investors' inflows.

At the interbank foreign exchange market, the Indian currency ended at 79.02, as against 79.25 closed on the previous trading session. The rupee has touched a high of 79.00 and low of 79.22 before ending at 79.02.

"USDINR spot closed 23 paise lower at 79.02, thanks to FPI flows turning positive and some carry trade interest. Improvement in forward premium has brought exporters into the market. At the same time, softness in USD overseas, improved growth outlook in India, and uptick in forward premium has attracted carry traders into the market, who go long rupee and short USD," said Anindya Banerjee, VP, Currency Derivatives & Inter-



est Rate Derivatives at Kotak Securities Ltd.

The dollar index, which measures the dollar's strength against the basket of 6 currencies, was down 0.52 per cent at 105.34.

Inflows of foreign investors in domestic equities also remained major factor in the rise local currency. Foreign investors turned buyers in July nearly after 10 months, with an investment of around Rs 4,980 crore in the Indian equity markets. This comes heavy sell-off by these entities of around Rs 50,203 crore.

According to the NSDL data, investment of foreign investors in July month stood at Rs 4,989 crore, as compared to over Rs 50,000 crore

outflows in June, Rs 39,993 crore in May, and Rs 17,144 crore in April.

"Despite of the no major change in fundamental factors for rupee, there is change in the global sentiments for the demand of US dollar. Post the Federal Reserve policy meeting, we have seen dollar bulls cooled down after the Fed highlighted that it could move a bit slow in hiking interest rates going forward. This is leading to the short term relief in to the major and emerging market currencies to recover their previous losses against USD," said Amit Pabari, Managing Director, CR Forex.

Although, the trend in the USD is yet to be determined with the data releases and the risk sentiments improving and the outlook for other currencies such as euro and pound, markets needs a lot more convincing statement to keep demand for US dollar compressed for a longer period of time, he added.