

Rupee closes at all-time low of 89.54/dollar on delay in US trade deal

Our Bureau
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The rupee hit a record low on Monday, weighed down by factors such as the RBI's maturing positions in the non-deliverable forward (NDF) market, FIIs continuing to sell in the domestic equity markets and the trade deal with the US taking a long time to seal.

Opening a tad stronger at 89.44 per US dollar (USD), the Indian currency (INR) closed at an all-time low of 89.5475 per dollar, down 9 paise, against the previous close of 89.4575. The rupee's previous record closing low was 89.49 per dollar on November 21.

The rupee on Monday hit a record intraday low of 89.79 per US dollar (USD).

The intraday high was 89.42. So, there was a 37 paise intraday movement in the currency.

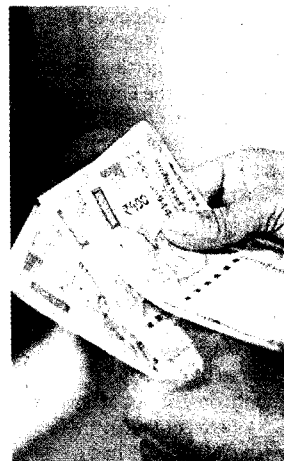
Abhishek Goenka, Founder & CEO, IFA Global, observed that the market is trying to position long dollars.

"It knows the RBI is heavily short in forwards, including NDF [likely over \$70 billion short], and may want to use the intervention firepower judiciously. The RBI, it seems, is not wanting to change the market direction, but use more of a soft touch intervention strategy to prevent one-sided rupee depreciation," he said.

US TRADE DEAL

Goenka noted that a highly anticipated trade deal with the US had proven elusive.

"If we do not get the trade deal anytime soon, the rupee may have to be used as a lever to offset the impact of tariff differential relative to peers and to remain competitive. Deteriorating CAD dynamics and a dry spell of FPI flows,



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too, are weighing on sentiment," he said.

EQUITY OUTFLOWS

Referring to the rupee depreciating to a new all-time low against the dollar, Dipti Chitale, CEO, Mecklai Financial Services, emphasised that sustained equity outflows continue to dominate sentiment.

"FIIs have remained net sellers for five straight months since July, pulling out ₹1.49 lakh crore from Indian equities and putting persistent pressure on the currency. Absence of RBI intervention is also weighing the rupee," she said.

Chitale opined that overall, the pair will stay upward-biased in the near term unless foreign flows stabilise or the broader dollar trend reverses.