

# 'With global positive cues ₹ to trade 79.15 to 79.75 band against dollar'

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The Indian rupee is expected to trade against the US dollar in the range of 79.15 - 79.75 in this fortnight supported by positive global cues, said Bank of Baroda in a research report.

According to Aditi Gupta, Economist at Bank of Baroda, the rupee after a record-low of 79.99/\$ on July 20 has closed the fortnight stronger by 0.9 per cent.

Apart from a weaker dollar, a reversal in foreign portfolio investments (FPI) outflows has also helped in supporting the rupee, Gupta said in the report.

FPIs, which remained net sellers in the domestic markets for the past nine months, invested \$239 million in the



Indian markets in July.

Although small, this suggests an improvement in investor sentiment which should support the rupee going forward, the report notes.

Further, active intervention by RBI in the foreign exchange market has also ensured an orderly movement in the exchange rate.

It must be noted that RBI's foreign exchange reserves have fallen to a near 20-month low of \$571.6 billion as of July

22. In FY23 so far, foreign exchange reserves are down by \$46.1 billion. On the flip side, India's external position still remains tenuous.

Trade deficit continues to track at record-high which will put pressure on the balance of payments. Imports may see some moderation aided by softening global commodity prices.

However, exports too will be muted amid a fall in demand in key markets such as the US and Europe.

The RBI and government measures announced earlier should help ease some concerns on this front.

Apart from the RBI policy meet, the US consumer price index and jobs report will guide the trajectory of rupee in the coming two weeks, Bank of Baroda report said.