

# Rupee plunges to record low amid growth concerns

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**THE RUPEE FELL** to another all-time low of 84.70 against the dollar on Monday, as the sharp decline in gross domestic product (GDP) growth weighed on investor sentiment.

According to market participants, dollar sales from the Reserve Bank of India (RBI) in the non-deliverable forwards (NDF) market and spot market kept the depreciation in check. They, however, said that the central bank's intervention in the market was not aggressive as other Asian currencies were also facing the heat due to strengthening of the greenback.

The rupee ended at a record low of 84.704/\$, down 0.3% or 21 paise from its previous close of 84.492. During the day, it hit a low of 84.709.

"GDP figures are way below expected and oil prices are inching upwards. Traders are selling in the NDF market and buying in the spot market," said a forex dealer with a state-owned bank.

GDP growth moderated to 5.4% year-on-year in the third quarter of 2024, the lowest since March 2023, and below consensus estimates of 6.5%. Growth in the first half of FY25 stood at 6%, with a slowdown visible in both private consumption and capital expenditure. Consumption grew at 6%, outpacing capex growth of 5.4%, while net exports contributed positively.

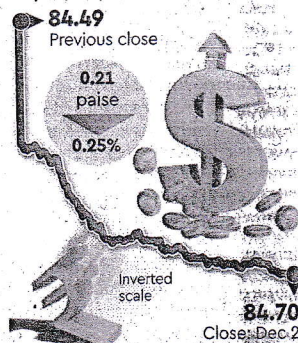
A stronger dollar, driven by US President-elect Donald Trump's push for Brics nations to adopt greater reliance on the dollar, added pressure on emerging-market currencies.

The dollar index, which gauges the greenback's strength against a basket of six currencies, was trading higher by 0.51% at 106.27. Brent crude, the global oil benchmark, rose 0.99% to \$72.59 per barrel in futures trade.

Forex traders expect the rupee to

## TAKING A TUMBLE

Rupee vs dollar



## Asian currencies performance against \$

% chg on December 2\*



\*over previous close; Source: Bloomberg

remain under pressure. However, positive domestic market trends could provide some support, with dollar-rupee expected to trade in the range of 84.50-84.95. Traders will also look for cues from the US ISM manufacturing PMI data.

"Market is figuring out whether is this a one-off event or is there a reversal of trend. Plus, Trump factor is always there," said a forex dealer with a private bank.