

Rupee has its best trading session in 7 years, gains 125 paise vs dollar

Our Bureau
Mumbai

The rupee on Tuesday had its best trading session in about seven years, notching up a huge single day gain of 125 paise against the US dollar.

It was buoyed by the overnight announcement of the US-India tariff agreement, which kindled hopes that foreign portfolio investors' will step up purchase of Indian equities and debt. The Indian currency (INR) appreciated about 1.4 per cent to close at 90.2650

per US dollar compared with the previous close of 91.5125.

US President Donald Trump late on Monday announced the US-India trade deal on his social media handle.

He said: "...Out of friendship and respect for Prime Minister Modi and, as per his request, effective immediately, we agreed to a trade deal between the US and India, whereby the US will charge a reduced reciprocal tariff, lowering it from 25 per cent to 18 per cent. They will likewise move forward to re-

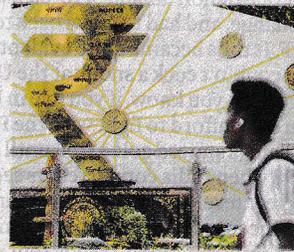
duce their tariffs and non-tariff barriers against the US, to ZERO...."

STRONG GAINS

Amit Pabari, MD, CR Forex Advisors, observed that the strong gains made by the rupee reflect not just short-term relief, but a broader reassessment of India's medium-term trade outlook, capital flows, and geopolitical risk premium.

The agreement meaningfully reduces trade uncertainty.

"With US tariffs on Indian goods now set at 18 per cent,



India compares favourably with regional peers such as Pakistan, Indonesia and Thailand, and remains well below China's 34 per cent."

"This relative tariff advantage strengthens India's position in global supply-

chain reallocation and improves prospects for export-oriented sectors.

Against this backdrop, foreign portfolio flows, which have been a persistent drag in recent months, are increasingly likely to turn supportive," he said

V Rama Chandra Reddy, Head-Treasury, Karur Vysya Bank, noted that the rupee opened with a sharp gap-up at 90.40 against the previous close of 91.5125, trading in a range of 90,0450-90.5150, driven by confirmation of the Indo-US trade deal.

"The deal has removed the

uncertainty that weighed on the rupee and broader financial markets over the past few months, offering significant relief to both currency and equity markets, given that the US remains India's largest export destination," he said.

G-SECS RALLY

Yields of Government Securities (G-Secs) thawed on the US-India trade deal announcement.

The 10-year benchmark G-Sec (6.48 per cent 2035 GS) closed 5 basis points lower at 6.72 per cent against

previous close of 6.77 per cent.

Reddy said the bond market responded positively to the improved risk sentiment, with G-Secs yields easing. However, the outlook remains cautious amid the demand supply imbalance following the higher gross market borrowing announced in the FY27 Union Budget.

The bond market will closely track RBI's guidance on liquidity conditions and the interest rate trajectory in the forthcoming MPC meeting, he added.